

NEW APPLICATION  
TELECOM  
PROFESSIONALS, INC.



Judith A. Riley

ORIGINAL

12316 Hidden Forest Boulevard  
Oklahoma City, OK 73142

August 8, 2013

**Via UPS Overnight Delivery**

Arizona Public Service Commission  
Docket Control Center  
1200 West Washington Street  
Phoenix, AZ 85007-2927

T-20888A-13-0273

RE: Application for Authority to offer Resold Local Exchange, Resold Interexchange, and VoIP Services in the State of Arizona for Threshold Communications, Inc.

Dear Commission:

Enclosed please find an original and thirteen (13) copies of Threshold Communications, Inc.'s ("Threshold") application for a Certificate of Authority to offer Resold Intrastate Local Exchange, Resold Intrastate Interexchange, and Voice over Internet Protocol ("VoIP") Telecommunications services throughout the State of Arizona.

Please acknowledge receipt of this filing by file-stamping the duplicate cover letter, and returning it in the self-addressed stamped envelope included for this purpose.

Should there be any questions or additional information required, please contact me at (405) 755-8177 ext. 25, or at [mdean@telecompliance.net](mailto:mdean@telecompliance.net).

Sincerely,

Matt Dean  
Regulatory Agent

Enclosures

Arizona Corporation Commission  
DOCKETED

AUG - 9 2013

DOCKETED BY	nr
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2013 AUG - 9 P 2:26  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Office (405) 755-8177  
(800) 406-4777

Fax (405) 755-8377  
[jriley@telecompliance.net](mailto:jriley@telecompliance.net)

**ARIZONA CORPORATION COMMISSION**

**Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunications Services**

Mail original plus 13 copies of completed application to:

For Docket Control Only:  
(Please Stamp Here)

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending  
in Arizona as an Interexchange reseller, AOS provider,  
or as the provider of other telecommunication services.

Type of Service:

Docket No.:                      Date:                      Date Docketed:

Type of Service:

Docket No.:                      Date:                      Date Docketed:

**A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION**

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

☒

Resold Long Distance Telecommunications Services (Answer Sections A, B).

☒

Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).

☐

Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).

☐

Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)

☐

Alternative Operator Services Telecommunications Services (Answer Sections A, B)

☒

Other VoIP (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

**Threshold Communications, Inc.**  
**16541 Redmond Way, #245C, Redmond, WA 98052**  
**Phone (206) 812-6201**  
**Fax (206) 805-6201**  
**Email: [jeff@thresholdcommunications.com](mailto:jeff@thresholdcommunications.com)**  
**Website: <http://www.thresholdcommunications.com/>**

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

N/A

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

**Jeff Matson**

**16541 Redmond Way, #245C, Redmond, WA 98052**

**Phone (206) 812-6201**

**Fax (206) 805-6201**

**Email: jeff@thresholdcommunications.com**

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

**Judith A. Riley, Regulatory Consultant, Telecom Professionals, Inc.**

**P.O. Box 720128**

**Oklahoma City, OK 73172-0128**

**Phone (405) 755-8177 x 14**

**Fax (405) 755-8377**

**Email: jriley@telecompliance.net**

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Complaint Contact Person:

**Jeff Matson**

**16541 Redmond Way, #245C, Redmond, WA 98052**

**Phone (206) 812-6201**

**Fax (206) 805-6201**

**Email: jeff@thresholdcommunications.com**

(A-7) What type of legal entity is the Applicant? Mark the appropriate box(s) and category.

☐

Sole proprietorship

☐

Partnership: \_\_\_\_ Limited, \_\_\_\_ General, \_\_\_\_ Arizona, \_\_\_\_ Foreign

☐

Limited Liability Company: \_\_\_\_ Arizona, X Foreign

☒

Corporation: ☒ "S", \_\_\_\_ "C", \_\_\_\_ Non-profit

☐

Other, specify: \_\_\_\_\_

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:



Statewide. (Applicant adopts statewide map of Arizona provided with this application).



Other. Describe and provide a detailed map depicting the area.

**See Attachment E**

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

**No, none of the Applicant's officers, partners, or managers have been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.**

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

**No, neither the Applicant nor any of its officers, directors, partners, or managers have been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years**

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☒

Yes

☐

No

(A-14) Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

☐

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☒

Yes

☐

No

If "No", continue to question (A-15).

☐

For Local Exchange Resellers, a \$25,000 bond will be recommended.

☒

Yes

☐

No

If "No", continue to question (A-15).

☐

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐

Yes

☐

No

If "No", continue to question (A-15).

☐

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☐

Yes

☐

No

If any box in (A-14) is marked "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the Applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

**Applicant agrees to publish legal notice of the Application in all counties where we are requesting authority to provide service, upon Commission request to do so. See attachment C.**

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona:



Yes



No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

**AT&T, Qwest**

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

**Applicant has had applications approved to offer Resold Interexchange and/or Resold Local Exchange services in the following states: California, Indiana, New York, North Carolina, Oregon, Texas, Virginia, and Washington.**

**Applicant has not had an application denied in any state or jurisdiction.**

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in Arizona.

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

**Applicant currently offers telecommunications services similar to those that they will or intend to offer in Arizona in the following states: California, Indiana, New York, North Carolina, Oregon, Texas, Virginia, and Washington.**

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

**Applicant has no affiliates that may be considered alternative providers of service.**

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☒ Decision # 64178 Resold Long Distance  
☒ Decision # 64178 Resold LEC  
☐ Decision # 64178 Facilities Based Long Distance  
☐ Decision # 64178 Facilities Based LEC

## **B. FINANCIAL INFORMATION**

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☒ Yes ☐ No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

**Applicant has no parent company and is relying solely on its own financial merits.**

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.

**Please refer to Attachment F.**

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

**Please refer to Attachment F.**

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

**Service is being provided under a resale arrangement. The company has no offices and no employees in Arizona.**

4. If the projected value of all assets is zero, please specifically state this in your response.
5. **Projected value of assets in Arizona is \$0.00.**
6. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

**N/A**



**C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(C-1) Indicate if the Applicant has a resale agreement in operation

☐

Yes

☒

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

**D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐

Yes

☐

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in Arizona.

N/A

**E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

N/A

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

☐

Yes

☐

No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☐

Yes

☐

No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☐

Yes

☐

No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Matt W. Dean

(Signature of Authorized Representative)

August 8, 2013

(Date)

Matt W. Dean

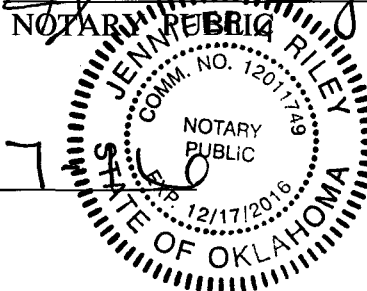
(Print Name of Authorized Representative)

Regulatory Agent

(Title)

SUBSCRIBED AND SWORN to before me this 8<sup>th</sup> day of August, 2013

Jenny P. Riley



My Commission Expires

12-17-16

## LIST OF ATTACHMENTS

<b>ATTACHMENT A</b>	A-8.1	Arizona Certificate of Good Standing
	A-8.2	List of Corporate Officers
	A-8.3	Ownership Percentages
<b>ATTACHMENT B-1</b>	A-9	Proposed Tariff - No. 1 CLEC
<b>ATTACHMENT B-2</b>	A-9	Proposed Tariff – No. 2 IXC
<b>ATTACHMENT C</b>	A-16	Affidavit of Publication
<b>ATTACHMENT D</b>	B-2	Financial Statements - 2011 & 2012 Public Version
<b>ATTACHMENT E</b>	A-10	Map of Proposed Service Area
<b>ATTACHMENT F</b>	B-4	Projected Total Revenue for First 12 Months – Expected Operating Expenses for First 12 Months

## **ATTACHMENT A**

- A-8.1 Arizona Certificate of Good Standing
- A-8.2 List of Limited Liability Company Managers
- A-8.3 Ownership Percentages

### **A-8.1 Arizona Certificate of Good Standing**

See following page

### **A-8.2 List of Corporate Officers**

Jeff Matson, Chief Executive Officer  
Rick Crabbe, President  
Karen Matson, Chief Operating Officer

All Officers can be reached at the Applicant's Principal Business Address:

16541 Redmond Way, #245C, Redmond, WA 98052

Toll Free (877) 820-8900

Phone (206) 812-6200

Fax (206) 686-7800

### **A-8.3 Ownership Percentages**

<u>Name and Title</u>	<u>Ownership Percentage</u>
Jeff Matson, Chief Executive Officer	100%

# STATE OF ARIZONA



## Office of the CORPORATION COMMISSION

### CERTIFICATE OF GOOD STANDING

*To all to whom these presents shall come, greeting:*

*I, Jodi A. Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*THRESHOLD COMMUNICATIONS, INC.\*\*\***

*a foreign corporation organized under the laws of Washington did obtain authority to transact business in the State of Arizona on the 7th day of June 2013.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.*

*This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 8th Day of August, 2013, A. D.**



*Jodi A. Jerich*  
Jodi A. Jerich, Executive Director

By: \_\_\_\_\_ 947058

## **ATTACHMENT B-1**

### **A-9 Proposed Tariff - No. 1 CLEC**

<b>A-9.1</b>	<b>Proposed Rates and Charges</b>	<b>Page 56</b>
<b>A-9.2</b>	<b>Maximum Rates and Charges</b>	<b>Page 56</b>
<b>A-9.3</b>	<b>Terms and Conditions</b>	<b>Page 19</b>
<b>A-9.4</b>	<b>Deposits and Advances</b>	<b>Page 51</b>
<b>A-9.5</b>	<b>Returned Check Fee</b>	<b>Page 39</b>

**THRESHOLD COMMUNICATIONS, INC**

**RATES, RULES AND ADMINISTRATIVE REGULATIONS,  
AS FILED WITH THE ARIZONA CORPORATION COMMISSION,  
FOR FURNISHING RESOLD LOCAL EXCHANGE SERVICES  
TO BUSINESS END USERS WITHIN THE STATE OF ARIZONA**

---

Issued:

Effective Date:

Issued By:

Mr. Jeff Matson  
President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833

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CHECK LIST

The Sheets of this tariff are effective as of the date shown at the bottom of each respective page(s). Original and revised pages as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

<u>PAGE</u>	<u>Revision</u>	<u>PAGE</u>	<u>Revision</u>	<u>PAGE</u>	<u>Revision</u>
1	Original	31	Original	61	Original
2	Original	32	Original	62	Original
3	Original	33	Original	63	Original
4	Original	34	Original		
5	Original	35	Original		
6	Original	36	Original		
7	Original	37	Original		
8	Original	38	Original		
9	Original	39	Original		
10	Original	40	Original		
11	Original	41	Original		
12	Original	42	Original		
13	Original	43	Original		
14	Original	44	Original		
15	Original	45	Original		
16	Original	46	Original		
17	Original	47	Original		
18	Original	48	Original		
19	Original	49	Original		
20	Original	50	Original		
21	Original	51	Original		
22	Original	52	Original		
23	Original	53	Original		
24	Original	54	Original		
25	Original	55	Original		
26	Original	56	Original		
27	Original	57	Original		
28	Original	58	Original		
29	Original	59	Original		
30	Original	60	Original		

\*Denotes new or revised page

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888.820.7833

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**CONCURRING CARRIERS**

*None*

**CONNECTING CARRIERS**

*None*

**OTHER PARTICIPATING CARRIERS**

*None*

**EXPLANATION OF SYMBOLS**

- (C) To signify **changed** condition or regulation
- (D) To signify **deleted or discontinued** rate, regulation or condition
- (I) To signify a change resulting in an **increase** to a Customer's bill
- (M) To signify that material has been **moved from** another Tariff location
- (N) To signify a **new** rate, regulation condition or sheet
- (R) To signify a change resulting in a **reduction** to a Customer's bill
- (T) To signify a change in **text** but no change to rate or charge

---

Issued:

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President  
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888.820.7833

---

**TARIFF FORMAT**

- A. **Sheet Numbering** - Sheet numbers appear in the heading of each sheet. Sheets are numbered sequentially. However, occasionally, when a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. **Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc. the Commission follows in its Tariff approval process, the most current sheet number on file with the Commission is not always the sheet in effect. Consult the Check Sheet for the sheet currently in effect.
- C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of code is subservient to its next higher level:
- 2.
  - 2.1.
  - 2.1.1.
  - 2.1.1.A.
  - 2.1.1.A.1.
  - 2.1.1.A.1.(a).
  - 2.1.1.A.1.(a).I.
  - 2.1.1.A.1.(a).I.(i).
  - 2.1.1.A.1.(a).I.(i).(1).
- D. **Check Sheets** - When a Tariff filing is made with the Commission, an updated Check Sheet accompanies the Tariff filing. The Check Sheet lists the sheets contained in the Tariff with a cross-reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). The Tariff user should refer to the latest Check Sheet to find if a particular sheet is the most current on file with the Commission.

---

Issued:

Effective Date:

Issued By:

Mr. Jeff Matson  
President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833

**APPLICATION OF TARIFF**

This Tariff contains the rates, terms and conditions applicable to the provision of specialized resold local common carrier telecommunications services by Threshold Communications, Inc. between various locations within the State of Arizona.

All services are interstate offerings. Intrastate service is an add-on service available only if the Customer subscribes to the Company's interstate offerings.

---

Issued:

Effective Date:

Issued By:

Mr. Jeff Matson  
President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS**

**Account Code:**

A numerical code, one or more of which are available to a Customer to enable identification of individual users or groups of users on an account and to allocate costs of service accordingly.

**Authorized User:**

A person, firm, corporation or other entity that either is authorized by the Customer to use local exchange service or is placed in a position by the Customer, either through acts or omissions, to use the Company's services.

**Called Station:**

The terminating point of a call (i.e., the called number).

**Calling Card:**

A card issued by Company containing such account numbers assigned to its Customer which enables the charges for calls made to be properly billed on a pre-arranged basis.

**Commission:**

Arizona Corporation Commission ("Commission")

**Company:**

Threshold Communications, Inc. ("Threshold")

**Credit Card:**

A valid bank or financial organization card, representing an account to which the costs of products and services purchased by the card holder may be charged for future payment. Such cards include those issued by VISA or MasterCard.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, Continued**

**Customer:**

The person, firm, corporation or other entity, which orders or uses service and is responsible for payment of charges and compliance with Tariff regulation.

**Dedicated Access:**

Non-switched access between a Customer's premises and the point of presence of the Company's underlying carrier.

**Disconnect or Disconnection:**

The termination of a circuit connection between the originating station and the called station or the Company's operator.

**Gbps**

Gigabits or 1,000 Mbps bits per second. Used in reference to data transmission speed.

**Internet Gateway**

A switching device which connects the public switched network to dedicated Internet facilities

**Kbps**

Kilobits or 1,000 bits per second. Used in reference to data transmission speed.

**Loop**

A private physical transmission path between a switch and a customer's premises. Usually a T1 portion of a DS3 facility.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, Continued**

**Mbps**

Megabits or 1,000,000 bits per second. Used in reference to data transmission speed.

**Measured Service:**

The provision of long distance measured time communications telephone service to customers who access the Company's service at its contracted interexchange carriers' switching and call processing equipment by means of access facilities obtained from local exchange common carrier(s). Company contacted interexchange carrier is responsible for arranging the access lines.

**Message Telecommunications Service**

Ordinary, switched, long-distance service charged on a usage sensitive basis.

**Packet**

A group of unstructured data transmissions that have been disassembled and formatted in preparation to be transmitted over some medium to be reassembled once received at the destination location.

**Point of Presence:**

The point of physical interconnection between the local exchange company's local network and the interexchange carrier's network ("POP").

**Port**

A physical interface connection point between a network facility and a switch.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, Continued**

**Tariff**

This document, which sets forth the Company's rates, services, terms and conditions of service in Arizona.

**Private Line**

A non-switched telecommunications path between a Customer's premises and Company's switch.

**Private Virtual Circuit**

A shared portion of a high-capacity network facility which provides the Customer with the equivalent functionality of the facility, without requiring that the Customer lease the entire facility.

**Subscriber:**

See "Customer" definition.

**Travel Card**

See definition of "Calling Card."

**User:**

Any person or entity that obtains the Company's services provided under this Document, regardless of whether such person or entity is so authorized by the Customer.

**"800" or "Toll Free" Number:**

An interexchange service offered pursuant to this Document for which the called party is assigned a unique 800-NXX-XXXX, 888-NXX-XXXX, 877-NXX-XXXX number, 866-NXX-XXXX or 855-NXX-XXX, or any other NPA, and is billed for calls terminating at that number.

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**SECTION 2 - RULES AND REGULATIONS**

**2.1. UNDERTAKING OF THE COMPANY**

- 2.1.1. Company's Services are furnished for telecommunications originating and/or terminating in any area within the State of Arizona.
- 2.1.2. Company offers resold, non-facilities-based telecommunications services to Customers for the direct transmission and reception of voice, data, and other types of communications.
- 2.1.3. The Company's services are provided on a monthly basis and are available twenty-four (24) hours per day, seven (7) days per week.
- 2.1.4. Provision of the Company's services is dependent upon the availability of suitable facilities for services. The facilities used to provide a particular service are chosen by the Company and are not represented to be suitable for any one service.
- 2.1.5. The Company's Services are provided on a monthly basis unless otherwise provided, and are available twenty-four (24) hours per day, seven (7) days per week.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.2. LIMITATIONS OF SERVICE**

- 2.2.1. Service is offered subject to availability of the necessary facilities and/or equipment and subject to the provisions of this Tariff.
- 2.2.2. Company reserves the right to discontinue furnishing Service, when necessitated by conditions beyond its control, when Customer is using Service in violation of the law or in violation of the provisions of this Tariff, or for non-payment of billed charges by Customer.
- 2.2.3. The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4. The Customer obtains no property right or interest in the use of any specific type of facility, service, equipment, telephone number, process or code. All rights, titles and interests remain, at all times, solely with the Company.
- 2.2.5. Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this Tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.
- 2.2.6. The Company may, upon reasonable notice, make such tests and inspections as may be necessary to determine whether the terms and conditions of this Tariff are being complied with in the installation, operation or maintenance of the Customer's or the Company's facilities or equipment.
- 2.2.7. The Company reserves the right to refuse an application for service made by a present or former Customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.3 CUSTOMER RESPONSIBILITIES**

- 2.3.1. The Customer is responsible for the payment of all charges for Services furnished to the Customer and for all additional charges for calls the Customer elects to continue making.
- 2.3.2. The Customer is responsible for compliance with applicable regulations set forth in this Tariff.
- 2.3.3. The Customer is responsible for establishing its identity as often as necessary during the course of the call or when seeking credits from the Company.
- 2.3.4. Customer shall provide and maintain at its own expense terminal equipment on the Customer's premise and the electric power consumed by such equipment. The Customer is responsible for the provision of wiring or cable to connect its terminal equipment to the Company's Point of Connection.
- 2.3.5. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltage and currents impressed on Company-provided equipment and wiring by the connection, operations, or maintenance of such equipment and wiring shall be such as not to cause damage to Company-provided equipment and wiring or injury to Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by Company at the Customer's expense.
- 2.3.6. In the event Company incurs fees or expenses, including attorney's fees, to collect; or attempt to collect, any charges owed Company by customer, including charges alleged to have resulted from fraud or abuse of customer's service, the Company shall charge customer all such fees and expenses, including Company's reasonable attorney's fees, incurred to collect or to attempt to collect its charges, and Company shall be entitled to recover such fees or expenses irrespective of whether it prevails in any legal action brought to collect its charges, all in accordance with and subject to the following additional legal requirements.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.3 CUSTOMER RESPONSIBILITIES, Continued**

- 2.3.7. In accordance with the "filed tariff doctrine," as established by judicial and regulatory decisions and precedents, customer shall pay all charges due and owing irrespective of any claims of loss, liability, set off, damages, or other claims against Company to which customer may claim to be entitled, the duty to pay such charges shall arise upon the demand for payment by Company and shall not be delayed or deferred by the commencement of any legal or equitable action by either customer or Company in connection with such charges incurred under this Tariff.
- 2.3.8. The Customer is responsible for damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer or of any User; or by the noncompliance by the Customer or any User, with these regulations; or by fire or theft or other casualty on the Customer Premises or the premises of any User, unless caused by the negligence or willful misconduct of the employees or agents of the Company.
- 2.3.9. The Customer is responsible for providing, at no charge, as specified from time to time by the Company, any needed equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises.
- 2.3.10. The Customer is responsible for obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of transmission facilities and associated equipment used to provide Services to the Customer from the cable building entrance or property line to the location of the building equipment space. Any and all costs associated with the obtaining and maintaining rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company, to the Customer. The Company may require the Customer to demonstrate its compliance with this Section prior to accepting an order for service.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.3 CUSTOMER RESPONSIBILITIES, Continued**

- 2.3.11. The Customer is responsible for providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work.
- 2.3.12. The Customer is responsible for complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the locations of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under other provisions of this Tariff.
- 2.3.13. The Customer is responsible for not creating, or allowing to be placed, any liens or other encumbrances on the Company's equipment or facilities.
- 2.3.14. The Customer is responsible for making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.
- 2.3.15. The Customer shall be responsible for making arrangements or obtaining permission for safe and reasonable access for Company employees or agents of the Company, at times mutually acceptable to Company and Customer, to enter the premises of the Customer or any joint user or Customer of the Customer at any reasonable hour for the purpose of inspecting, repairing, testing or removing any part of the Company's facilities, without charge to the Company.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.3 CUSTOMER RESPONSIBILITIES, Continued**

2.3.16. The Customer is responsible for notifying Company of any interruptions of service.

2.3.17. The Customer is responsible for placing any necessary orders; for complying with Tariff regulations; for the placement of any stickers or tent cards provided by the Company or as required by law; and for assuring that Users comply with Tariff regulations. The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements (as they exist from time to time) of any governmental entity relating to Services provided or made available by the Customer to Users. The Customer is also responsible for the payment of all charges for calls originated at the Customer's numbers.

2.3.18. The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.

2.3.19. The Customer shall ensure that the equipment and/or system is properly interfaced with Company facilities or Services, that the signals emitted into the Company's Network are of the proper mode, bandwidth, power, and signal level for the intended use of the Customer and in compliance with the criteria set forth in this Tariff, and that the signals do not damage equipment, injure personnel, or degrade Service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Company will permit such equipment to be connected with its channels without use of protective interface devices.

If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to Company equipment, personnel, or the quality of Service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's Service.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.3 CUSTOMER RESPONSIBILITIES, Continued**

- 2.3.20. The Customer is responsible for returning any Company-owned equipment to the Company, in good working condition, within five (5) days after Service is discontinued.
- 2.3.21. The Customer is responsible for paying for the loss through theft of any Company equipment installed at Customer's premises.

**2.4. CUSTOMER'S USE OF SERVICE**

- 2.4.1. Service may be used for the transmission of communications by the Customer for any lawful purpose for which the service is technically suited.
- 2.4.2. Customers may transmit or receive information or signals via the Company's facilities. Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this Tariff. A Customer may transmit any form of signal that is compatible with Company's equipment, but Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this Tariff.
- 2.4.3. Service may not be used for any unlawful purpose or for any purpose for which any payment or other compensation is received by the Customer, except when the Customer is a duly authorized and regulated common carrier. This provision does not prohibit an arrangement between the Customer, authorized user or joint user to share the cost of service.
- 2.4.4. Application for Service may be made verbally or in writing. The name(s) of the Customer(s) desiring to use the service must be set forth in the application for Service.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.4. CUSTOMER'S USE OF SERVICE, Continued**

- 2.4.5. The Company strictly prohibits use of the Company's Services without payment or an avoidance of payment by the Customer by fraudulent means or devices including providing falsified calling card numbers or invalid calling card numbers to the Company, providing falsified or invalid credit card numbers to the Company or in any way misrepresenting the identity of the Customer.
- 2.4.6. Recording of telephone conversations of service provided by the Company under this Tariff is prohibited except as authorized by applicable federal, state and local laws.

**2.5. LIABILITIES OF THE COMPANY**

- 2.5.1 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission occurring in the course of furnishing service or other facilities and not caused by the negligence of the Customer, commences upon activation of service and in no event exceeds an amount equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors, or defects in transmission occur. No other liability shall in any case attach to the Company. The above described remedies in favor of Customer are exclusive and in no event shall Company, its employees, officers, agents and employees' agents be liable for or responsible to Customer or any other person or entity with respect to any other liability, loss or damage, arising out of, caused or alleged to be caused, directly or indirectly, by Company, including but not limited to any death, bodily injury, or interruption of service, loss of business or profits or any indirect, incidental, special or consequential damages.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.2. Company shall not be liable for, and the Company shall be indemnified, defended and held harmless from any and all loss claims, demands, suits, or other action or liability whatsoever, whether suffered, made instituted or asserted by the Customer or by any other party or person, for:
- A. Acts, omissions, or negligence of other companies when their facilities are used in connection with Company's facilities to provide service, or for the unavailability or any delays in the furnishing of any services or facilities, which are provided by other companies;
  - B. Any defacement or damage to the customer's premises or equipment resulting from the existence of Company's instruments, apparatus and associated wire on such premises, or from the installation or removal thereof, when such defacement or damage is not the result of the negligence of Company, or its employees;
  - C. Failure of performance hereunder due to causes beyond its control, including but not limited to fire, flood, or other catastrophes; Acts of God; atmospheric conditions or other phenomena of nature, such as radiation; any law, order, regulation, directive, order by request of the United States Government, or any other government including state and local governments having any jurisdiction over Company or the services provided hereunder; national emergencies, civil disorder, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor problems or regulations established or actions taken by any court or government agency having jurisdiction over Company;
  - D. Act or omission of any other entity furnishing to the Customer facilities or equipment used with the Service furnished hereunder; nor shall Company be liable for any damages or losses due in whole or in part to the fault or negligence of the Customer or due in whole or in part to the failure of Customer-provided equipment or facilities;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

**2.5.2., Continued**

- E. Liability for failure to provide service or any delays in the furnishing of any services or facilities;
- F. Any charges or costs incurred by Customer for use of another carrier's services whether caused by failure of Company's equipment or service or otherwise;
- G. Providing listing information to any Local Exchange Carrier ("LEC") for inclusion in LEC directories. Company is not responsible for publication of any directories. No liability for damages arising from errors and/or omissions of directory listings, or listings obtained from the directory assistance operator shall attach to Company;
- H. Claims for libel, slander, infringement of copyright or unauthorized use of any trademark, trade name or service mark arising directly or indirectly from the material, data, information or other content transmitted over Company facilities or the use thereof, claims for infringement of patents arising from combining facilities furnished by Company with, or using the facilities in connection with, apparatus and systems of the Customer and all other claims arising out of any act or omission of the Customer in connection with facilities provided by Company.
- I. Any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Company or Customer equipment or facilities or Service provided by the Company;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

**2.5.2., Continued**

- J. Any loss, damage, defacement or destruction of the premises of the Customer or any other property, whether owned by the Customer or by others, caused or claimed to have been caused directly or indirectly by the installation, delayed installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of equipment or wiring provided by Company where such installation, operation, failure to operate, maintenance, condition, location or use is not the direct result of Company's negligence;
- K. For any personal injury to or death of any person or persons;
- L. Any act or omission of: (1) the Customer, (2) any other entity furnishing Service, equipment or facilities for use in conjunction with Services or facilities provided by the Company, or (3) common carriers or warehousemen;
- M. any errors omissions, whether arising through negligence or otherwise, in the information furnished to Directory Assistance;
- N. Any unlawful or unauthorized use of the Company's facilities and Services;
- O. Breach in the privacy or security of communications transmitted over the Company's facilities;
- P. Defacement of or damage to Customer premises resulting from the furnishing of Services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of the result of the Company's negligence;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

**2.5.2., Continued**

- Q. Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
- R. Any intentional, wrongful act of a Company employee when such act is not within the scope of the employee's responsibilities for the Company and/or is not authorized by the Company;
- S. Any representations made by Company employees that do not comport, or that are inconsistent, with the provisions of this Tariff;
- T. Any non-completion of calls due to network busy conditions;
- U. Any calls not actually attempted to be completed during any period that service is unavailable;
- V. Service, facilities, or equipment, which the Company does not furnish;
- W. Any and all other claims arising out of any act or omission of the Customer in connection with any service provided by Company.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.3. No agents or employees of connecting, concurring or other participating carriers or companies shall be deemed to be agents or employees of the Company without written authorization.
- 2.5.4. The Company is not liable for any failure of performance hereunder due to causes beyond its control, including, but not limited to, unavoidable interruption in the working of its circuits or those of another common carrier; acts of nature, storms, fire, floods, or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or any other governmental entity having jurisdiction over the Company or of any department, agency, commission, bureau, corporation, or other instrumentality or any one or more of such instrumentality or any one of more of such governmental entities, or of any civil or military authority; national emergencies, insurrections, riots, rebellions, wars, strikes, lockouts, work stoppages, or other labor difficulties; or notwithstanding anything in this Tariff to the contrary, the unlawful acts of the Company's agents and employees, if committed beyond the scope of their employment.
- 2.5.5. The Company shall not be liable for damages or adjustments, refunds, or cancellation of charges unless the Customer has notified the Company, in writing, of any dispute concerning charges, or the basis of any claim for damages, after the invoice is rendered by the Company for the call giving rise to such dispute or claim, unless ordered by the Commission pursuant to Minnesota law. Any such notice must set forth sufficient facts to provide the Company with a reasonable basis upon which to evaluate the Customer's claim or demands.
- 2.5.6. The Company shall not be liable for any damages, including usage charges, that the Customer may incur as a result of the unauthorized use of its communications equipment. The unauthorized use of the Customer's communications equipment includes, but is not limited to, the placement of calls from the Customer's premises and the placement of calls through Customer-controlled or Customer-provisioned equipment that are transmitted or carried over the Company's network services without the authorization of the Customer. The Customer shall be fully liable for all such charges.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.7. In the absence of gross negligence or willful misconduct, and except for the allowances stated below, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.
- 2.5.8. Any claim of whatever nature against the Company shall be deemed conclusively to have been waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.5.9. The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.
- 2.5.10. The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals and delays in actual construction work.
- 2.5.11. THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.12. IN NO EVENT WILL THE COMPANY OR ITS SUPPLIERS BE LIABLE FOR ANY LOST REVENUE, PROFIT, OR DATA, OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, OR PUNITIVE DAMAGES HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY ARISING OUT OF THE USE OF OR INABILITY TO USE PRODUCT OR EQUIPMENT EVEN IF THE COMPANY OR ITS SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. In no event shall the Company's or its suppliers' liability to the Customer, whether in contract, tort (including negligence), or otherwise, exceed the price of the equipment paid by the Customer. The foregoing limitations shall apply even if the standard of the Company's warranty or its suppliers fails of its essential purpose.
- 2.5.13. Company shall not be liable for any errors or omissions, whether arising through negligence or otherwise, in the information furnished to Directory Assistance; and the customer shall indemnify and save Company harmless against all claims and reasonable attorney's fees that may arise from the use of such information.

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President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833



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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER**

**2.6.1. General Liabilities of the Customer**

- A. The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- B. To the extent caused by any negligent or intentional act of the Customer as described in (A) preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other Tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- C. The Customer shall not assert any claim against any other Customer or user of the Company's Services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this Tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this Tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.
- D. The Customer must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by the negligent or willful acts of the Customer, Users, or others, by improper use of the Services, or by use of equipment provided by the Customer, Users, or others.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.1. General Liabilities of the Customer, Continued**

- E. The Customer must pay for the loss through theft of any Company equipment installed at Customer's premises.

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services**

**A. Unauthorized Use of Company's Services**

1. Unauthorized use occurs when: (1) a person or entity that does not have actual, apparent, or implied authority to use the Company's Services, obtains the Company's Services provided under this Tariff; or (2) a person or entity that otherwise has actual, apparent, or implied authority to use the Company's Services, makes fraudulent use of the Services provided under this Tariff, or uses specific Services that are not authorized.
2. The following activities constitute fraudulent use:
  - a. Using the Company's Services to transmit a message, locate a person, or otherwise give or obtain information, without payment for the service;
  - b. Using or attempting to use the Company's Services with the intent to avoid payment, either in whole or in part, of any of the Company's Tariffed charges by either rearranging, tampering with, or making connections not authorized by this Tariff to any service components used to furnish the Company's Services or using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services, Continued**

**A. Unauthorized Use of Company's Services**

**2., Continued**

- c. Toll free callers using the Company's Services with the intent of gaining access to a Customer's outbound calling capabilities on an unauthorized basis; and
  - d. Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices to defraud or mislead callers.
3. Customers are advised that use of Services provided under this Tariff carries a risk of various forms of telecommunications fraud (including, but not limited to, toll, PBX, and Centrex "clip-on" fraud perpetrated by Users who gain access to a Customer's facilities, account numbers, security or authorization codes, etc.). Customers should take all necessary steps to restrict access to their facilities, including equipment and Services provided hereunder, and to detect and prevent unauthorized use of equipment and Services provided by the Company under this Tariff. Furthermore, Customers must notify the Company in writing of unauthorized use or charges appearing on the Customer's bill. All charges shall be deemed correct and authorized if such notice is not received by the Company within thirty (30) days from the date of issuance of the Customer's bill.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.6. LIABILITY OF THE CUSTOMER, Continued****2.6.2 Liability of the Customer for Unauthorized Use of Company's Services, Continued****B. Liability for Unauthorized Use**

1. The Customer is responsible for payment of all charges for Services provided under this Tariff. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by Users or other third parties, the Customer's employees, or the public.
2. The Customer is responsible for payment of all outbound call charges arising from calls placed to a Customer's 800 service number, whether or not such calls are authorized or fraudulent, where the User gains access to the Customer's outbound calling equipment and services.
3. The Customer is liable for all costs incurred as a result of unauthorized use of Company's Services, including Service charges and any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages. The Company will take reasonable steps, upon verbal or written notification that fraud has occurred, or is believed to have occurred, to assist the Customer in identifying the nature and/or source of the fraud, and in terminating the fraudulent use of the Customer's service. The Company will also assist the Customer in facilitating changes in phone number, and assist the Customer in identifying perpetrator(s) of the fraud for purposes of pursuing civil remedies.
4. The Customer is responsible for payment of any charges related to the suspension and/or termination of Service, and any charges for reconnection of Service, incurred as a result of unauthorized use.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services, Continued**

**C. Liability for Credit Card Fraud**

The Customer is liable for the unauthorized use of the Services obtained through the fraudulent use of a Credit Card. The liability of the Customer for unauthorized use of the Services by Credit Card fraud may be limited by state or federal law, and the Customer shall seek indemnification from the organization or company issuing such card for unauthorized use thereof.

**2.7. FULL FORCE AND EFFECT**

Should any provision or portion of this Tariff be held by a court or administrative agency of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions of this Tariff will remain in full force and effect.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.8. ALLOWANCES FOR INTERRUPTION OF SERVICE**

- 2.8.1. The Company will follow the Commission's rules in the case of major outage and/or service interruption.
- 2.8.2. It is the obligation of the Customer to notify the Company of any interruptions in service. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission of the Customer, not within the Customer's control, or is not in wiring or equipment connected to the terminal of the Company.
- 2.8.3. For the purpose of applying this provision 2.9, the word "interruption" will mean the inability to complete calls either incoming or outgoing or both due to equipment malfunction or human errors. "Interruption" does not include, and no allowance will be given for, service difficulties such as slow dial tone, circuits busy or other network and/or switching capacity shortages.
- 2.8.4. All reported interruptions of service will be restored within two working days, excluding Sundays and holidays, except those caused by emergency situations, unavoidable catastrophes and force majeure.
- 2.8.5. Interruptions in service, which are not due to the negligence of, or non-compliance with the provisions of this price sheet by, the Customer or of an authorized or joint user, or to the operation or malfunction of the facilities, power or equipment provided by the Customer or authorized or joint user, will be credited to the Customer for the part of the service that the interruption affects.
- 2.8.6. It shall be the obligation of the Customer to notify Company of any interruptions of service. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission of the Customer, not within the Customer's control.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.8. INTERRUPTION OF SERVICE, Continued**

2.8.7. Credit allowances are given on a per line basis for any period during which any line subscribed to by the Customer hereunder and/or, if applicable, company-provided station equipment attached thereto is out of service, except as specified below. Out of service conditions are defined as complete loss of call origination and/or receipt capability. Credit allowances, if any, shall be deducted from the charges payable by the Customer hereunder and shall be expressly indicated on the next bill to the Customer. An interruption period begins when the Customer reports a malfunction in service to the company. The malfunction period ends when the affected line and/or associated station equipment is fully operative.

2.8.8. Credit Allowances do not apply to interruptions:

- A. Caused by the Customer; or
- B. Due to failure of power or equipment provided by the Customer or others; or
- C. During any period in which the Company is not given access to the service premises; or
- D. Due to scheduled maintenance and repair.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.8. INTERRUPTION OF SERVICE, Continued**

- 2.8.9. Interruptions of 24 Hours or less are credited a portion of daily per line charge according to the following schedule:

<u>Length of Service Interruption</u>	<u>Credit</u>
Less than 4 hours	None
4 hours up to but not including 8 hours	1/3 of day
8 hours up to but not including 12 hours	1/2 of day
12 hours up to but not including 16 hours	2/3 of day
16 hours up to but not including 24 hours	One day

Two or more service interruptions of the same type to the same line/equipment of 2 hours or more during any one twenty-four hour period shall be considered as one interruption. In no event shall such interruption credits for any one line/equipment exceed one day's fixed recurring charges for such line/equipment in any 24 hour period.

Service interruptions over 24 hours will be credited 4 hours for each 4 – hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.8. INTERRUPTION OF SERVICE, Continued**

**2.8.10. No credit allowance will be made for:**

- A. Interruptions due to the negligence of, or non-compliance with the provisions of this price sheet by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company; or
- B. Interruptions of service due to the failure or malfunction of facilities, power or equipment provided by the Customer, authorized user, joint user, or other common carrier providing service connected to the service offered by the Company; or
- C. Interruptions of service during any period in which the Company is not given access to the premises at which the Company provided service is interrupted or terminated; or
- D. Interruptions of service that occur or continue due to the Customer's failure to authorize replacement of any element of special construction; or

**2.8.11. Interruptions of service during any period when the Customer, authorized user, or joint user has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements.**

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.9. RESTORATION OF SERVICE**

- 2.9.1. When a Customer's service has been disconnected in accordance with this Tariff and the service has been terminated through the completion of a Company service order, service will be restored only upon the basis of application for new service.

**2.10. MINIMUM SERVICE PERIOD**

**2.10.1 Month-to-Month Service**

- A. The minimum service period for month-to-month service is (30 days). Customers subscribing to the Company's services on a month-to-month basis pay the regular Tariffed rates for the service they subscribe to for the minimum period of service.
- B. If a Customer disconnects service before the end of the minimum service period, that Customer is responsible for paying the Tariffed rates for the remainder of the minimum service period.
- C. When the service is moved within the same building, to another building on the same premises, or to a different premises entirely, the period of service at each location is accumulated to calculate if the Customer has met the minimum period of service obligation.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.10. MINIMUM SERVICE PERIOD, Continued**

**2.10.2 Service Terms of One Year or More**

- A. The minimum service period for Customers subscribing to the Company's service for terms of one or more years is the length of the term ("Commitment Period").
- B. In the event the Customer terminates service with the Company prior to the end of the Commitment Period or in the event that the Company terminates service based upon Customer's default, Customer will pay to the Company a Termination Fee consisting of 1) a one time handling fee of five hundred dollars (\$500.00), 2) any installation charges previously waived by Company, and 3) a termination penalty equivalent to monthly minimum charges for the remainder of the Commitment Period. The Termination Fee will be due immediately upon termination of service.

2.10.3. If service is terminated before the end of the minimum period of service as a result of condemnation of property, damage to property requiring the premises to be abandoned, or by the death of the Customer, the Customer is not obligated to pay for service for the remainder of the minimum period.

2.10.4. If service is switched over to a new Customer at the same premises after the first month's service, the minimum period of service requirements are assigned to the new Customer if the new Customer agrees in writing to accept them. For facilities not taken over by the new Customer, the original Customer is responsible for the remaining payment for the minimum service period in accordance with the terms under which the service was originally furnished.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.11. PAYMENTS AND BILLING**

**2.11.1. General Payment Regulations**

- A. Charges for service are applied on a recurring basis. Service is provided and billed on a monthly (30 day) basis. The billing date is dependent on the billing cycle assigned to the Customer. Service continues to be provided until cancelled by the Customer pursuant to Section 2.13.
- B. The Customer is responsible for the payment of all charges for services furnished to the Customer or to authorized or joint users once service is activated. Upon nonpayment of any sum due or upon a violation of any of the conditions governing the furnishing of service, Company may discontinue furnishing said service as provided for in Arizona Administrative Code ("AAC") Title 14, Article 5, Section R14-2-509 without incurring any liability.
- C. Charges for long distance service are based on actual usage, and are billed monthly in arrears. Billing for recurring services will be rendered monthly in advance.
- D. Customer will be billed and is responsible for payment of applicable local, state and federal taxes assessed in connection with the services used.
- E. Billing is payable upon receipt and past due twenty (20) days after issuance and posting of invoice.
- F. In the event that Company must employ the services of attorneys for collection of charges due under this Tariff, Company shall be permitted to recover the costs of collection, including reasonable attorney's fees.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.11. PAYMENTS AND BILLING, Continued**

**2.11.2. Late Payment Fee**

- A. Customer will be liable for late fees of 1.5% on payments received after due date or maximum allowed by law, whichever is lower.
- B. The late payment charge will be applied to all undisputed amounts previously billed under this Tariff, except taxes Company is required by law to levy on a Customer, including arrears and unpaid late payment charges.
- C. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.
- D. Late payment charges do not apply to final accounts.

**2.11.3. Checks**

When a check which has been presented to the Company by a Customer in payment for charges is returned by the bank, the Customer shall be responsible for the payment of a returned check charge of \$25.00.

- 2.11.4. A Customer or prospective customer may initiate a complaint with the Company on any relevant matter by telephone at 888.820.7833, in person or in writing directed to Customer Service, Threshold Communications, Inc., 16451 Redmond Way, #254C, Redmond, WA 98052-4482. Company's response to the complaint will generally be in the same form used by the Customer.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.11. PAYMENTS AND BILLING, Continued**

2.11.5. Company shall promptly investigate all disputed charges and shall report its findings and disposition to Customer, pursuant to AAC Title 14, Article 5, Section R14-2-510. Nothing in this Section limits Customer's rights as provided by statute to contest charges.

2.11.6. The Customer may dispute a bill only by written notice to the carrier delivered within 180 days after the statement date. Unless such notice is received in the timely fashion indicated above, the bill statement shall be deemed to be correct and payable in full by the Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may request information or assistance from the Commission.

The address and telephone numbers of the Commission are:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Telephone: 602.542.4251  
Toll Free: 800.222.7000

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.12. CANCELLATION BY CUSTOMER**

- 2.12.1. Customers subscribing to month-to-month services may cancel service by giving oral or written notice to the Company or by subscribing to another presubscribed interexchange carrier. Customers subscribing to service terms of one year or more must cancel service according to the terms of the service contract.
- 2.12.2. Customer is responsible for payment of all charges while still connected to the Company's service.
- 2.12.3. A charge equal to the unrecoverable costs incurred prior to a request for cancellation and the costs of removal, restoration and disposal, if any, shall be borne by the Customer if:
- A. The Customer orders service requiring special facilities dedicated to the Customer's use and then cancels the order before such service begins, before completion of the minimum period or before completion of some the period mutually agreed with the Customer for the non-recoverable portions of expenditures; or
  - B. Liabilities are incurred expressly on behalf of the Customer by Company and not fully reimbursed by installation and monthly charges; and
  - C. If based on an order for service and construction has either begun or has been completed, but no service provided.

These costs include, but are not limited to, engineering, labor and non-recoverable material and equipment expense.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY**

2.13.1 The Company may not disconnect service for any of the reasons stated below:

1. Delinquency in payment for services rendered to a prior customer to the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to a billing error if the customer agrees to pay over a reasonable period of time.

2.13.2. The Company may disconnect service for any of the following reasons provided the Company has met the notice requirements established by the Commission:

1. Customer violation of any of the Commission's rules.
2. Failure of the customer to pay a delinquent bill for service.
3. Failure to meet or maintain the Company's credit and deposit requirements.
4. Failure of the customer to provide the Company reasonable access to its equipment and property.
5. Customer breach of a written contract for service between the Company and customer.
6. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction.

The Company shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY**

**2.13.3. Termination Notice Requirements**

1. The Company shall not terminate service to any of its customers without providing advance written notice to the customer of the Company's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance notice shall contain, at a minimum, the following information:
  - a. The name of the person or company whose service is to be terminated and the address where service is being rendered.
  - b. The Commission rule or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the Company, if applicable.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

**2.13.3. Termination Notice Requirements, Continued**

- c. The date on or after which service may be terminated.
- d. A statement advising the customer that the Company's stated reason for the termination of service may be disputed by contacting the Company at a specific address or telephone number, advising the Company of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of the his right to file a complaint with the Commission.

**2.13.4 Timing of terminations with notice**

- 1. The Company shall be required to give at least five days' advance written notice prior to the termination date.
- 2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
- 3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the Company for the payment thereof or in the case of a violation of the Company's rules the customer has not satisfied the Company that such violation has ceased, the Company may then terminate on or after the day specified in the notice without giving further notice.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

- 2.13.5. Before service is disconnected, the Company will make a good faith effort, by two attempts during reasonable hours, to reach the Customer by telephone to advise the Customer of the pending disconnection and the reasons therefore. The Company will maintain a log or record of the attempts, showing the telephone number called and the time of call.
- 2.13.6. Telephone or personal contact need not be attempted when the Company has attempted such contact in any two billing periods during a consecutive twelve-month period and the Company has notified the Customer in writing that telephone or personal contact will not be attempted in the future before disconnecting service.
- 2.13.7. All notices of delinquency or pending disconnection will include details pertinent to the situation and describe how the Customer can make contact with the Company to resolve any differences. All notices must accurately state amounts owing for service(s) which are subject to disconnection. A new notice will be required in cases where information is incorrect.
- 2.13.8. Except in case of danger to life or property, no disconnection shall be made on Saturdays, Sundays, legal holidays, or on any other day on which the Company cannot reestablish service on the same or following day.
- 2.13.9. When the Company has reason to believe service is to other than the Customer of record, the Company shall undertake reasonable efforts to inform occupants of the service address of the impending disconnection. In this case, at the request of the service users, a minimum period of five business days will be allowed to permit the service users to arrange for continued service.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

**2.13.10 Landlord/Tenant rule**

1. In situations where service is rendered at an address different from the mailing address of the bill or where the company knows that a landlord/tenant relationship exists and that the landlord is the customer of the Company, and where the landlord as a customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:
  - a. Where it is feasible to so provide service, the Company, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the rules.
  - b. The Company shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

**2.13.11. Termination of service without notice**

1. Service may be disconnected without advance written notice under the following conditions:
  - a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
  - b. The Company has evidence of fraud.
2. The Company shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the Company.
3. The Company shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.14. PROVISION OF EQUIPMENT AND FACILITIES**

- 2.14.1. The Company will not be responsible for the installation, operation or maintenance of any Customer-provided communications equipment. Where Customer-provisioned equipment is connected to the facilities furnished under this Tariff, the responsibility of the Company will be limited to the furnishing of facilities offered pursuant to this Tariff. Beyond this responsibility, the Company will not be responsible for:
- A. the transmission of signals to Customer-provided equipment or for the quality of, or defects in, such transmission; or
  - B. the reception of signals by Customer-provided equipment; or
  - C. network control signaling when performed by Customer-provided network control signaling equipment.
- 2.14.2. Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by Company, except upon the written consent of Company.
- 2.14.3. Company shall not be responsible to the Customer or any other person or entity if changes in the criteria or in any of Company's facilities, operations or procedures render Customer provided facilities obsolete or cause Customer provided facilities to require modification or alteration, or otherwise affect the use or performance of Customer provided facilities. Where it is reasonably foreseeable to Company that such changes may affect Customer-provided facilities, Company shall provide reasonable notice.

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Issued:

Effective Date:

Issued By:

Mr. Jeff Matson  
President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833

---

**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.14. PROVISION OF EQUIPMENT AND FACILITIES, Continued**

- 2.14.4. Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this Tariff. Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer except as provided by contract.
- 2.14.5. Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided to the Customer.
- 2.14.6. At the request of the Customer, installation or maintenance may be performed outside of the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material or other costs incurred by or charged by the Company will apply. If installation or maintenance is started during regular business hours, but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays and/or night hours, additional charges may apply.
- 2.14.7. Facilities furnished by Company remain the property of Company until transferred or abandoned.

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---

**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.15. INTERCONNECTION**

- 2.15.1. The Customer must secure all licenses, permits, rights-of-way and other arrangements necessary for interconnection with Company. In addition, the Customer must ensure that its equipment and/or system or that of its Authorized User or agent(s) is properly interfaced with Company's Service and the signals emitted into Company's network are of the proper mode, band-width, power, data speed and signal level for the intended use of the Customer. If the Customer or its Authorized User or agent(s) fails to properly maintain and operate its equipment and/or system, Company may, upon written request, require the use of protective equipment at the Customer's expense.
- 2.15.2. Service furnished by Company may be interconnected with services or facilities of other authorized carriers and with private systems, subject to the technical limitations established by Company. Any special interface of equipment or facilities necessary to achieve compatibility between the facilities of Company and other participating carriers must be provided at the Customer's expense.
- 2.15.3. Interconnection of the Customer's facilities with the facilities or services of other carriers is governed by the applicable terms and conditions of the other carriers' tariffs or Tariffs.

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---

**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.16. DEPOSITS AND ADVANCE PAYMENTS**

At this time, the Company does not collect deposits or advance payments. Should the Company collect deposits or advance payments in the future, the deposit or advance payment shall be collected and maintained pursuant to AAC Title 14, Article 5, Section 3B.

**2.17. CREDIT LIMIT**

The Company may, at any time and at its sole discretion, set a credit limit for any Customer's consumption of Services for any monthly period.

**2.18. TAXES AND SURCHARGES**

In addition to the charges specifically pertaining to the Services, certain federal, state, and local surcharges, taxes, gross receipts, and fees will be applied to these Services. Examples of such programs include but are not limited to the Arizona Universal Service Fund and the Telecommunications Infrastructure Fund. These taxes, surcharges, and fees are calculated based upon the amount billed to the End User for Service(s).

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---

**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.1. DESCRIPTION OF SERVICE – VOICE SERVICES**

- 3.1.1. Company offers a variety of switched and dedicated access, inbound and outbound, voice telecommunications services, which establish a communications path between two stations by using uniform dialing plans.
- 3.1.2. Company makes its voice service offerings exclusively to high-volume calling customers who agree to exceed specific monthly minimum charges. Customers that do not exceed the monthly minimum charges in any given month agree to be billed the monthly minimum charge. In determining whether the Customer has exceeded the monthly minimum charges, the Company will credit the customer for charges for all of the Company's services utilized during the month, including intrastate, domestic interstate, international, private line and data service calling charges.
- 3.1.3. **Threshold "Best Rate" Service** is a switched or dedicated access service providing both outbound "1 plus" and inbound toll free long distance telecommunications calling features. Threshold "Best Rate" Service is offered to residential and commercial Customers subscribing to the "Best Rate" Service agree to meet a minimum of \$15.00 in monthly long distance calling volumes.
- 3.1.4. **Threshold "Best Advantage" Service** is a switched and dedicated access service, providing both outbound "1 plus" and inbound toll free long distance telecommunications calling features. Threshold's "Best Advantage" Service is available exclusively to commercial Customers. Customers subscribing to the "Best Advantage" Service agree to meet a minimum of \$100.00 in monthly long distance calling charges.
- 3.1.5. **Threshold Calling Card Services** permit the caller to charge the principal presubscribed location for a call while the caller is away from the principal location. The Customer may place calls from any touch tone phone in the United States by dialing a toll free number and entering a personal identification code, followed by the desired telephone number. Calling Card calls appear on the Customer's monthly long-distance bill.

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---

**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.2. DESCRIPTION OF SERVICE – PRIVATE LINE SERVICES**

3.2.1. Company offers Private Line services, which provide point to point dedicated, private line transmission channels for the Customer's exclusive use between two or more locations. Point-To-Point Service connects two Customer-designated premises, either on a directly connected basis, or through a hub where multiplexing functions are performed.

A. DS-0 Service

DS-0 Service provides a digital transmission path at speeds of up to and including 64 Kbps or, if provided over analog facilities, within the normal frequency range of 300 and 3,000 Hz.

B. DS-1 Service

DS-1 Service provides the Customer a high capacity channel for the transmission of 1.544 Mbps.

C. DS-3 Service

DS-3 Service provides the Customer a high capacity channel for the transmission of 44.736 Mbps.

D. OC-3 Service

OC-3 Service provides the Customer a high capacity channel for the transmission of 155.52 Mbps.

E. OC-12 Service

OC-12 Service provides the Customer a high capacity channel for the transmission of 622.08 Mbps.

F. OC-48 Service

OC-48 Service provides the Customer a high capacity channel for the transmission of 2.4 Gbps.

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---

**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.2. DESCRIPTION OF SERVICE – PRIVATE LINE SERVICES, Continued**

- 3.2.2. Company offers an Internet Private Line access connection service through the Customer's local exchange carrier for connection between the customer's premises and an Internet Gateway, in conjunction with the Company's Private Line services. Company does not provide its Internet Private Line access service as a standalone service. Company Internet Private Line Access is provided as a convenience to Customers who utilize Internet Private Line access facilities in conjunction with Company's service offerings. Internet Private Line access service rates are those of the Customer's local exchange carrier as reflected in the applicable local exchange carrier's tariff or Tariff, on file with the Commission.

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**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.3. DESCRIPTION OF SERVICE – DATA SERVICES**

- 3.3.1. Company offers a data service consisting of a Frame Relay service as an alternative to conventional point to point networks for wide area network connectivity. Frame Relay service provides multi-point, wide-area connectivity using frame relay packet technology to reduce costs of distributed data networks. This service allows bridges, routers, frame relay access devices and other equipment to connect multiple sites.

The components of Company's Frame Relay service for each Customer location/site are: 1) the connection between the customer's premise and Company's nearest point-of presence at a pre-specified speed; 2) an assigned port on Company's Frame Relay Switch; 3) and use of the Company's Frame Relay network to the destination point. Frame Relay offers a choice of interface speeds, which may differ for multiple locations. Speeds vary from 56 Kbps to 1.536 Mbps.

**3.4. DIRECTORY ASSISTANCE SERVICE**

The Company provides Directory Assistance as an ancillary service exclusively to its customers. Directory Assistance is accessible by dialing "1", the area code of the desired number and "555-1212".

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**SECTION 4 – RATES AND CHARGES**

**4.1. THRESHOLD VOICE SERVICES**

**4.1.1 Threshold “Best Rate” Service Rates**

**A. Switched Access Service Rates**

**1. One Plus Long Distance Service Rates**

Rate Per Minute: \$ 0.1075

**2. Switched Access “800” Long Distance Service**

Rate Per Minute: \$ 0.1075

**B. Dedicated Access Service Rates**

**1. Dedicated Access One Plus Long Distance Service Rates**

Rate Per Minute: \$ 0.0731

**2. Dedicated Access “800” Long Distance Service Rates**

Rate Per Minute: \$ 0.0731

**C. Calling Card Service Rates**

Per Minute: \$0.1599

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**SECTION 4 – RATES AND CHARGES, Continued**

**4.1. THRESHOLD VOICE SERVICES, Continued**

**4.1.2. Threshold “Best Advantage” Service Rates**

**A. Switched Access Service Rates**

**1. Switched Access One Plus Long Distance Service Rates**

Rate Per Minute: \$ 0.0874

**2. Switched “800” Long Distance Service Rates**

Rate Per Minute: \$ 0.0874

**B. Dedicated Access Rates**

**1. “Best Advantage” Dedicated One Plus Long Distance Service**

Rate Per Minute: \$ 0.0644

**2. “Best Advantage” Dedicated “800” Long Distance Service**

Rate Per Minute: \$ 0.0644

**C. Calling Card Service**

Per Minute \$0.1299

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**SECTION 4 – RATES AND CHARGES, Continued****4.2. THRESHOLD PRIVATE LINE SERVICES****4.2.1. Recurring and Non-Recurring Charges**

<b>Transmission Speed</b>	<b>Monthly Recurring Charge per DS1 Mile</b>	<b>Non-Recurring Installation Charge</b>
DS-0	Not available	Not Available
DS-1	\$ 3.83	\$ 500.00
DS-3	\$ 15.52	\$ 2,000.00
OC-3	\$ 40.98	\$ 6,000.00
OC-12	\$ 149.02	\$ 20,000.00
OC-48	\$ 521.58	\$50,000.00

A 200 mile minimum applies for Private Line service.

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES****4.3.1. Loop Rates**

Loop rates associated with Company's data services are those of the underlying local exchange carrier, which serves the Customer, as reflected in the local exchange carrier's tariff or Tariff, on file with the Commission. These rates are passed through directly to the Customer.

**4.3.2. Frame Relay Port Rates**

<b><u>Transmission Speed</u></b>	<b><u>Monthly Recurring Rate</u></b>
56 Kbps	\$190.00
128 Kbps	\$355.00
256 Kbps	\$395.00
384 Kbps	\$420.00
448 Kbps	\$625.00
512 Kbps	\$720.00
56 Kbps	\$790.00
768 Kbps	\$990.00
1.024 Mbps	\$1,265.00
1.536 Mbps	\$1,595.00

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES, Continued****4.3.3. Frame Relay Port Rates, Continued**

Non-Recurring Installation Charges

PORT Facility and Below

Per port \$250.00

**4.3.4. Frame Relay Permanent Virtual Circuit Rates**

<b><u>Transmission Speed</u></b>	<b><u>Monthly Recurring Rate</u></b>
16 Kbps	\$12.00
32 Kbps	\$24.00
48 Kbps	\$36.00
56 Kbps	\$42.00
128 Kbps	\$96.00
192 Kbps	\$144.00
256 Kbps	\$192.00
320 Kbps	\$240.00
384 Kbps	\$288.00
448 Kbps	\$336.00
512 Kbps	\$384.00
576 Kbps	\$432.00
640 Kbps	\$480.00
704 Kbps	\$528.00
768 Kbps	\$576.00
832 Kbps	\$624.00
896 Kbps	\$672.00
960 Kbps	\$720.00

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES, Continued****4.3.4. Frame Relay Permanent Virtual Circuit Rates, Continued**

<b><u>Transmission Speed</u></b>	<b><u>Monthly Recurring Rate</u></b>
1.024 Mbps	\$768.00
1.152 Mbps	\$864.00
1.280 Mbps	\$960.00
1.408 Mbps	\$1,056.00
1.536 Mbps	\$1,152.00
3.072 Mbps	\$2,304.00
4.608 Mbps	\$3,456.00
6.144 Mbps	\$4,608.00
7.680 Mbps	\$5,760.00
9.216 Mbps	\$6,912.00
10.752 Mbps	\$8,064.00
15.360 Mbps	\$11,520.00
Non-Recurring Installation Charge	
Installation charge, per PVC	\$100.00

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES, Continued****4.3.5. Volume and Term Discounts**

Discounts for specified dollar volumes of traffic to a specific location or aggregate dollar volumes may apply, as specified below, to customers who subscribe to substantial volumes of Company's Data Services. Customers will also be eligible for discounts for executing agreements for services for 1 to 3 years. Volume and term percentage discounts apply exclusively to Customer's combined Port and Permanent Virtual Circuit charges.

<b>Discount</b>	Month to 12	24	36	
	Month	Months	Months	Months
\$0-\$1,000	0%	6%	8%	10%
\$1,000-\$2,500	4%	7%	11%	15%
\$2,500-\$5,000	8%	12%	16%	20%
\$5,000-\$7,500	12%	17%	21%	25%
\$7,500-\$10,000	15%	22%	26%	30%
\$10,000 +	18%	27%	31%	35%

**4.4 DIRECTORY ASSISTANCE**

Per Call \$0.75

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**SECTION 4 – RATES AND CHARGES, Continued**

**4.5. INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS**

4.5.1. Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a Service not offered under this Tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis. ICB contracts will be filed with the Commission.

4.5.2. Extraordinary Charges

From time to time, customers may request special services not addressed specifically by rate elements in this Tariff, or services to locations that may cause Carrier to incur extraordinary expenses not contemplated in the provision of standard service offerings. These costs include, but are not limited to:

- A. Additional construction costs
- B. Building space rental or rights-of-way costs
- C. Additional equipment
- D. Special facilities routing

In these cases, the Customer will be billed additional charges computed on an ICB.

4.5.3. Charges for Changes to Pending Orders, Service Rearrangements and Expedite Charges

From time to time, customers may request changes to pending orders, rearrangements to existing service, and order completion to standard intervals. In these cases, the Customer will be required to reimburse Carrier for the increased expenses incurred on an ICB.

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## **ATTACHMENT B-2**

### **A-9 Proposed Tariff - No. 3 IXC**

<b>A-9.1</b>	<b>Proposed Rates and Charges</b>	<b>Page 56</b>
<b>A-9.2</b>	<b>Maximum Rates and Charges</b>	<b>Page 56</b>
<b>A-9.3</b>	<b>Terms and Conditions</b>	<b>Page 19</b>
<b>A-9.4</b>	<b>Deposits and Advances</b>	<b>Page 51</b>
<b>A-9.5</b>	<b>Returned Check Fee</b>	<b>Page 39</b>

**THRESHOLD COMMUNICATIONS, INC**

**RATES, RULES AND ADMINISTRATIVE REGULATIONS,  
AS FILED WITH THE ARIZONA CORPORATION COMMISSION,  
FOR FURNISHING INTRASTATE INTEREXCHANGE  
TELECOMMUNICATIONS SERVICE  
TO BUSINESS END USERS WITHIN THE STATE OF ARIZONA**

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**CHECK LIST**

The Sheets of this tariff are effective as of the date shown at the bottom of each respective page(s). Original and revised pages as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

<u>PAGE</u>	<u>Revision</u>	<u>PAGE</u>	<u>Revision</u>	<u>PAGE</u>	<u>Revision</u>
1	Original	31	Original	61	Original
2	Original	32	Original	62	Original
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4	Original	34	Original		
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6	Original	36	Original		
7	Original	37	Original		
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9	Original	39	Original		
10	Original	40	Original		
11	Original	41	Original		
12	Original	42	Original		
13	Original	43	Original		
14	Original	44	Original		
15	Original	45	Original		
16	Original	46	Original		
17	Original	47	Original		
18	Original	48	Original		
19	Original	49	Original		
20	Original	50	Original		
21	Original	51	Original		
22	Original	52	Original		
23	Original	53	Original		
24	Original	54	Original		
25	Original	55	Original		
26	Original	56	Original		
27	Original	57	Original		
28	Original	58	Original		
29	Original	59	Original		
30	Original	60	Original		

\*Denotes new or revised page

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**CONCURRING CARRIERS**

*None*

**CONNECTING CARRIERS**

*None*

**OTHER PARTICIPATING CARRIERS**

*None*

**EXPLANATION OF SYMBOLS**

- (C) To signify **changed** condition or regulation
- (D) To signify **deleted or discontinued** rate, regulation or condition
- (I) To signify a change resulting in an **increase** to a Customer's bill
- (M) To signify that material has been **moved from** another Tariff location
- (N) To signify a **new** rate, regulation condition or sheet
- (R) To signify a change resulting in a **reduction** to a Customer's bill
- (T) To signify a change in **text** but no change to rate or charge

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**TARIFF FORMAT**

- A. **Sheet Numbering** - Sheet numbers appear in the heading of each sheet. Sheets are numbered sequentially. However, occasionally, when a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. **Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc. the Commission follows in its Tariff approval process, the most current sheet number on file with the Commission is not always the sheet in effect. Consult the Check Sheet for the sheet currently in effect.
- C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of code is subservient to its next higher level:
- 2.
  - 2.1.
  - 2.1.1.
  - 2.1.1.A.
  - 2.1.1.A.1.
  - 2.1.1.A.1.(a).
  - 2.1.1.A.1.(a).I.
  - 2.1.1.A.1.(a).I.(i).
  - 2.1.1.A.1.(a).I.(i).(1).
- D. **Check Sheets** - When a Tariff filing is made with the Commission, an updated Check Sheet accompanies the Tariff filing. The Check Sheet lists the sheets contained in the Tariff with a cross-reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). The Tariff user should refer to the latest Check Sheet to find if a particular sheet is the most current on file with the Commission.

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**APPLICATION OF TARIFF**

This Tariff applies to intrastate interexchange offered by Threshold Communications, Inc. ("Company") between various locations within the State of Arizona.

All services are interstate offerings. Intrastate service is an add-on service available only if the Customer subscribes to the Company's interstate offerings.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS**

**Account Code:**

A numerical code, one or more of which are available to a Customer to enable identification of individual users or groups of users on an account and to allocate costs of service accordingly.

**Authorized User:**

A person, firm, corporation or other entity that either is authorized by the Customer to use local exchange service or is placed in a position by the Customer, either through acts or omissions, to use the Company's services.

**Called Station:**

The terminating point of a call (i.e., the called number).

**Calling Card:**

A card issued by Company containing such account numbers assigned to its Customer which enables the charges for calls made to be properly billed on a pre-arranged basis.

**Commission:**

Arizona Corporation Commission ("Commission")

**Company:**

Threshold Communications, Inc. ("Threshold")

**Credit Card:**

A valid bank or financial organization card, representing an account to which the costs of products and services purchased by the card holder may be charged for future payment. Such cards include those issued by VISA or MasterCard.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, Continued**

**Customer:**

The person, firm, corporation or other entity, which orders or uses service and is responsible for payment of charges and compliance with Tariff regulation.

**Dedicated Access:**

Non-switched access between a Customer's premises and the point of presence of the Company's underlying carrier.

**Disconnect or Disconnection:**

The termination of a circuit connection between the originating station and the called station or the Company's operator.

**Gbps**

Gigabits or 1,000 Mbps bits per second. Used in reference to data transmission speed.

**Internet Gateway**

A switching device which connects the public switched network to dedicated Internet facilities

**Kbps**

Kilobits or 1,000 bits per second. Used in reference to data transmission speed.

**Loop**

A private physical transmission path between a switch and a customer's premises. Usually a T1 portion of a DS3 facility.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, Continued**

**Mbps**

Megabits or 1,000,000 bits per second. Used in reference to data transmission speed.

**Measured Service:**

The provision of long distance measured time communications telephone service to customers who access the Company's service at its contracted interexchange carriers' switching and call processing equipment by means of access facilities obtained from local exchange common carrier(s). Company contacted interexchange carrier is responsible for arranging the access lines.

**Message Telecommunications Service**

Ordinary, switched, long-distance service charged on a usage sensitive basis.

**Packet**

A group of unstructured data transmissions that have been disassembled and formatted in preparation to be transmitted over some medium to be reassembled once received at the destination location.

**Point of Presence:**

The point of physical interconnection between the local exchange company's local network and the interexchange carrier's network ("POP").

**Port**

A physical interface connection point between a network facility and a switch.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, Continued**

**Private Line**

A non-switched telecommunications path between a Customer's premises and Company's switch.

**Private Virtual Circuit**

A shared portion of a high-capacity network facility which provides the Customer with the equivalent functionality of the facility, without requiring that the Customer lease the entire facility.

**Subscriber:**

See "Customer" definition.

**Tariff**

This document, which sets forth the Company's rates, services, terms and conditions of service in Arizona.

**Travel Card**

See definition of "Calling Card."

**User:**

Any person or entity that obtains the Company's services provided under this Document, regardless of whether such person or entity is so authorized by the Customer.

**"800" or "Toll Free" Number:**

An interexchange service offered pursuant to this Document for which the called party is assigned a unique 800-NXX-XXXX, 888-NXX-XXXX, 877-NXX-XXXX number, 866-NXX-XXXX or 855-NXX-XXX, or any other NPA, and is billed for calls terminating at that number.

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**SECTION 2 - RULES AND REGULATIONS**

**2.1. UNDERTAKING OF THE COMPANY**

- 2.1.1. Company's Services are furnished for telecommunications originating and/or terminating in any area within the State of Arizona.
- 2.1.2. Company offers resold, non-facilities-based telecommunications services to Customers for the direct transmission and reception of voice, data, and other types of communications.
- 2.1.3. The Company's services are provided on a monthly basis and are available twenty-four (24) hours per day, seven (7) days per week.
- 2.1.4. Provision of the Company's services is dependent upon the availability of suitable facilities for services. The facilities used to provide a particular service are chosen by the Company and are not represented to be suitable for any one service.
- 2.1.5. The Company's Services are provided on a monthly basis unless otherwise provided, and are available twenty-four (24) hours per day, seven (7) days per week.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.2. LIMITATIONS OF SERVICE**

- 2.2.1. Service is offered subject to availability of the necessary facilities and/or equipment and subject to the provisions of this Tariff.
- 2.2.2. Company reserves the right to discontinue furnishing Service, when necessitated by conditions beyond its control, when Customer is using Service in violation of the law or in violation of the provisions of this Tariff, or for non-payment of billed charges by Customer.
- 2.2.3. The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4. The Customer obtains no property right or interest in the use of any specific type of facility, service, equipment, telephone number, process or code. All rights, titles and interests remain, at all times, solely with the Company.
- 2.2.5. Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this Tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.
- 2.2.6. The Company may, upon reasonable notice, make such tests and inspections as may be necessary to determine whether the terms and conditions of this Tariff are being complied with in the installation, operation or maintenance of the Customer's or the Company's facilities or equipment.
- 2.2.7. The Company reserves the right to refuse an application for service made by a present or former Customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.3 CUSTOMER RESPONSIBILITIES**

- 2.3.1. The Customer is responsible for the payment of all charges for Services furnished to the Customer and for all additional charges for calls the Customer elects to continue making.
- 2.3.2. The Customer is responsible for compliance with applicable regulations set forth in this Tariff.
- 2.3.3. The Customer is responsible for establishing its identity as often as necessary during the course of the call or when seeking credits from the Company.
- 2.3.4. Customer shall provide and maintain at its own expense terminal equipment on the Customer's premise and the electric power consumed by such equipment. The Customer is responsible for the provision of wiring or cable to connect its terminal equipment to the Company's Point of Connection.
- 2.3.5. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltage and currents impressed on Company-provided equipment and wiring by the connection, operations, or maintenance of such equipment and wiring shall be such as not to cause damage to Company-provided equipment and wiring or injury to Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by Company at the Customer's expense.
- 2.3.6. In the event Company incurs fees or expenses, including attorney's fees, to collect; or attempt to collect, any charges owed Company by customer, including charges alleged to have resulted from fraud or abuse of customer's service, the Company shall charge customer all such fees and expenses, including Company's reasonable attorney's fees, incurred to collect or to attempt to collect its charges, and Company shall be entitled to recover such fees or expenses irrespective of whether it prevails in any legal action brought to collect its charges, all in accordance with and subject to the following additional legal requirements.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.3 CUSTOMER RESPONSIBILITIES, Continued**

- 2.3.7. In accordance with the "filed tariff doctrine," as established by judicial and regulatory decisions and precedents, customer shall pay all charges due and owing irrespective of any claims of loss, liability, set off, damages, or other claims against Company to which customer may claim to be entitled, the duty to pay such charges shall arise upon the demand for payment by Company and shall not be delayed or deferred by the commencement of any legal or equitable action by either customer or Company in connection with such charges incurred under this Tariff.
- 2.3.8. The Customer is responsible for damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer or of any User; or by the noncompliance by the Customer or any User, with these regulations; or by fire or theft or other casualty on the Customer Premises or the premises of any User, unless caused by the negligence or willful misconduct of the employees or agents of the Company.
- 2.3.9. The Customer is responsible for providing, at no charge, as specified from time to time by the Company, any needed equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises.
- 2.3.10. The Customer is responsible for obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of transmission facilities and associated equipment used to provide Services to the Customer from the cable building entrance or property line to the location of the building equipment space. Any and all costs associated with the obtaining and maintaining rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company, to the Customer. The Company may require the Customer to demonstrate its compliance with this Section prior to accepting an order for service.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.3 CUSTOMER RESPONSIBILITIES, Continued****2.3.10., Continued**

- 2.3.10. The Customer is responsible for providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work.
- 2.3.11. The Customer is responsible for complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the locations of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under other provisions of this Tariff.
- 2.3.12. The Customer is responsible for not creating, or allowing to be placed, any liens or other encumbrances on the Company's equipment or facilities.
- 2.3.13. The Customer is responsible for making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.
- 2.3.14. The Customer shall be responsible for making arrangements or obtaining permission for safe and reasonable access for Company employees or agents of the Company, at times mutually acceptable to Company and Customer, to enter the premises of the Customer or any joint user or Customer of the Customer at any reasonable hour for the purpose of inspecting, repairing, testing or removing any part of the Company's facilities, without charge to the Company.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.3 CUSTOMER RESPONSIBILITIES, Continued**

- 2.3.15. The Customer is responsible for notifying Company of any interruptions of service.
- 2.3.16. The Customer is responsible for placing any necessary orders; for complying with Tariff regulations; for the placement of any stickers or tent cards provided by the Company or as required by law; and for assuring that Users comply with Tariff regulations. The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements (as they exist from time to time) of any governmental entity relating to Services provided or made available by the Customer to Users. The Customer is also responsible for the payment of all charges for calls originated at the Customer's numbers.
- 2.3.17. The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.
- 2.3.18. The Customer shall ensure that the equipment and/or system is properly interfaced with Company facilities or Services, that the signals emitted into the Company's Network are of the proper mode, bandwidth, power, and signal level for the intended use of the Customer and in compliance with the criteria set forth in this Tariff, and that the signals do not damage equipment, injure personnel, or degrade Service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Company will permit such equipment to be connected with its channels without use of protective interface devices.

If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to Company equipment, personnel, or the quality of Service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's Service.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.3 CUSTOMER RESPONSIBILITIES, Continued**

- 2.3.19. The Customer is responsible for returning any Company-owned equipment to the Company, in good working condition, within five (5) days after Service is discontinued.
- 2.3.20. The Customer is responsible for paying for the loss through theft of any Company equipment installed at Customer's premises.

**2.4. CUSTOMER'S USE OF SERVICE**

- 2.4.1. Service may be used for the transmission of communications by the Customer for any lawful purpose for which the service is technically suited.
- 2.4.2. Customers may transmit or receive information or signals via the Company's facilities. Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this Tariff. A Customer may transmit any form of signal that is compatible with Company's equipment, but Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this Tariff.
- 2.4.3. Service may not be used for any unlawful purpose or for any purpose for which any payment or other compensation is received by the Customer, except when the Customer is a duly authorized and regulated common carrier. This provision does not prohibit an arrangement between the Customer, authorized user or joint user to share the cost of service.
- 2.4.4. Application for Service may be made verbally or in writing. The name(s) of the Customer(s) desiring to use the service must be set forth in the application for Service.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.4. CUSTOMER'S USE OF SERVICE, Continued**

- 2.4.5. The Company strictly prohibits use of the Company's Services without payment or an avoidance of payment by the Customer by fraudulent means or devices including providing falsified calling card numbers or invalid calling card numbers to the Company, providing falsified or invalid credit card numbers to the Company or in any way misrepresenting the identity of the Customer.
- 2.4.6. Recording of telephone conversations of service provided by the Company under this Tariff is prohibited except as authorized by applicable federal, state and local laws.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.5. LIABILITIES OF THE COMPANY**

- 2.5.1 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission occurring in the course of furnishing service or other facilities and not caused by the negligence of the Customer, commences upon activation of service and in no event exceeds an amount equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors, or defects in transmission occur. No other liability shall in any case attach to the Company. The above described remedies in favor of Customer are exclusive and in no event shall Company, its employees, officers, agents and employees' agents be liable for or responsible to Customer or any other person or entity with respect to any other liability, loss or damage, arising out of, caused or alleged to be caused, directly or indirectly, by Company, including but not limited to any death, bodily injury, or interruption of service, loss of business or profits or any indirect, incidental, special or consequential damages.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

2.5.2. Company shall not be liable for, and the Company shall be indemnified, defended and held harmless from any and all loss claims, demands, suits, or other action or liability whatsoever, whether suffered, made instituted or asserted by the Customer or by any other party or person, for:

- A. Acts, omissions, or negligence of other companies when their facilities are used in connection with Company's facilities to provide service, or for the unavailability or any delays in the furnishing of any services or facilities, which are provided by other companies;
- B. Any defacement or damage to the customer's premises or equipment resulting from the existence of Company's instruments, apparatus and associated wire on such premises, or from the installation or removal thereof, when such defacement or damage is not the result of the negligence of Company, or its employees;
- C. Failure of performance hereunder due to causes beyond its control, including but not limited to fire, flood, or other catastrophes; Acts of God; atmospheric conditions or other phenomena of nature, such as radiation; any law, order, regulation, directive, order by request of the United States Government, or any other government including state and local governments having any jurisdiction over Company or the services provided hereunder; national emergencies, civil disorder, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor problems or regulations established or actions taken by any court or government agency having jurisdiction over Company;
- D. Act or omission of any other entity furnishing to the Customer facilities or equipment used with the Service furnished hereunder; nor shall Company be liable for any damages or losses due in whole or in part to the fault or negligence of the Customer or due in whole or in part to the failure of Customer-provided equipment or facilities;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

**2.5.2., Continued**

- E. Liability for failure to provide service or any delays in the furnishing of any services or facilities;
- F. Any charges or costs incurred by Customer for use of another carrier's services whether caused by failure of Company's equipment or service or otherwise;
- G. Providing listing information to any Local Exchange Carrier ("LEC") for inclusion in LEC directories. Company is not responsible for publication of any directories. No liability for damages arising from errors and/or omissions of directory listings, or listings obtained from the directory assistance operator shall attach to Company;
- H. Claims for libel, slander, infringement of copyright or unauthorized use of any trademark, trade name or service mark arising directly or indirectly from the material, data, information or other content transmitted over Company facilities or the use thereof, claims for infringement of patents arising from combining facilities furnished by Company with, or using the facilities in connection with, apparatus and systems of the Customer and all other claims arising out of any act or omission of the Customer in connection with facilities provided by Company.
- I. Any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Company or Customer equipment or facilities or Service provided by the Company;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

**2.5.2., Continued**

- J. Any loss, damage, defacement or destruction of the premises of the Customer or any other property, whether owned by the Customer or by others, caused or claimed to have been caused directly or indirectly by the installation, delayed installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of equipment or wiring provided by Company where such installation, operation, failure to operate, maintenance, condition, location or use is not the direct result of Company's negligence;
- K. For any personal injury to or death of any person or persons;
- L. Any act or omission of: (1) the Customer, (2) any other entity furnishing Service, equipment or facilities for use in conjunction with Services or facilities provided by the Company, or (3) common carriers or warehousemen;
- M. any errors omissions, whether arising through negligence or otherwise, in the information furnished to Directory Assistance;
- N. Any unlawful or unauthorized use of the Company's facilities and Services;
- O. Breach in the privacy or security of communications transmitted over the Company's facilities;
- P. Defacement of or damage to Customer premises resulting from the furnishing of Services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of the result of the Company's negligence;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

**2.5.2., Continued**

- Q. Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
- R. Any intentional, wrongful act of a Company employee when such act is not within the scope of the employee's responsibilities for the Company and/or is not authorized by the Company;
- S. Any representations made by Company employees that do not comport, or that are inconsistent, with the provisions of this Tariff;
- T. Any non-completion of calls due to network busy conditions;
- U. Any calls not actually attempted to be completed during any period that service is unavailable;
- V. Service, facilities, or equipment, which the Company does not furnish;
- W. Any and all other claims arising out of any act or omission of the Customer in connection with any service provided by Company.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.3. No agents or employees of connecting, concurring or other participating carriers or companies shall be deemed to be agents or employees of the Company without written authorization.
- 2.5.4. The Company is not liable for any failure of performance hereunder due to causes beyond its control, including, but not limited to, unavoidable interruption in the working of its circuits or those of another common carrier; acts of nature, storms, fire, floods, or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or any other governmental entity having jurisdiction over the Company or of any department, agency, commission, bureau, corporation, or other instrumentality or any one or more of such instrumentality or any one of more of such governmental entities, or of any civil or military authority; national emergencies, insurrections, riots, rebellions, wars, strikes, lockouts, work stoppages, or other labor difficulties; or notwithstanding anything in this Tariff to the contrary, the unlawful acts of the Company's agents and employees, if committed beyond the scope of their employment.
- 2.5.5. The Company shall not be liable for damages or adjustments, refunds, or cancellation of charges unless the Customer has notified the Company, in writing, of any dispute concerning charges, or the basis of any claim for damages, after the invoice is rendered by the Company for the call giving rise to such dispute or claim, unless ordered by the Commission pursuant to Minnesota law. Any such notice must set forth sufficient facts to provide the Company with a reasonable basis upon which to evaluate the Customer's claim or demands.
- 2.5.6. The Company shall not be liable for any damages, including usage charges, that the Customer may incur as a result of the unauthorized use of its communications equipment. The unauthorized use of the Customer's communications equipment includes, but is not limited to, the placement of calls from the Customer's premises and the placement of calls through Customer-controlled or Customer-provisioned equipment that are transmitted or carried over the Company's network services without the authorization of the Customer. The Customer shall be fully liable for all such charges.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.7. In the absence of gross negligence or willful misconduct, and except for the allowances stated below, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.
- 2.5.8. Any claim of whatever nature against the Company shall be deemed conclusively to have been waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.5.9. The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.
- 2.5.10. The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals and delays in actual construction work.
- 2.5.11. THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.5. LIABILITIES OF THE COMPANY, Continued**

- 2.5.12. IN NO EVENT WILL THE COMPANY OR ITS SUPPLIERS BE LIABLE FOR ANY LOST REVENUE, PROFIT, OR DATA, OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, OR PUNITIVE DAMAGES HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY ARISING OUT OF THE USE OF OR INABILITY TO USE PRODUCT OR EQUIPMENT EVEN IF THE COMPANY OR ITS SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. In no event shall the Company's or its suppliers' liability to the Customer, whether in contract, tort (including negligence), or otherwise, exceed the price of the equipment paid by the Customer. The foregoing limitations shall apply even if the standard of the Company's warranty or its suppliers fails of its essential purpose.
- 2.5.13. Company shall not be liable for any errors or omissions, whether arising through negligence or otherwise, in the information furnished to Directory Assistance; and the customer shall indemnify and save Company harmless against all claims and reasonable attorney's fees that may arise from the use of such information.

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Effective Date:

Issued By:

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President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER**

**2.6.1. General Liabilities of the Customer**

- A. The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- B. To the extent caused by any negligent or intentional act of the Customer as described in (A) preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other Tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- C. The Customer shall not assert any claim against any other Customer or user of the Company's Services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this Tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this Tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.
- D. The Customer must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by the negligent or willful acts of the Customer, Users, or others, by improper use of the Services, or by use of equipment provided by the Customer, Users, or others.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.1. General Liabilities of the Customer, Continued**

- E. The Customer must pay for the loss through theft of any Company equipment installed at Customer's premises.

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services**

**A. Unauthorized Use of Company's Services**

1. Unauthorized use occurs when: (1) a person or entity that does not have actual, apparent, or implied authority to use the Company's Services, obtains the Company's Services provided under this Tariff; or (2) a person or entity that otherwise has actual, apparent, or implied authority to use the Company's Services, makes fraudulent use of the Services provided under this Tariff, or uses specific Services that are not authorized.
2. The following activities constitute fraudulent use:
  - a. Using the Company's Services to transmit a message, locate a person, or otherwise give or obtain information, without payment for the service;
  - b. Using or attempting to use the Company's Services with the intent to avoid payment, either in whole or in part, of any of the Company's Tariffed charges by either rearranging, tampering with, or making connections not authorized by this Tariff to any service components used to furnish the Company's Services or using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices;

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services, Continued**

**A. Unauthorized Use of Company's Services**

**2., Continued**

- c. Toll free callers using the Company's Services with the intent of gaining access to a Customer's outbound calling capabilities on an unauthorized basis; and
  - d. Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices to defraud or mislead callers.
3. Customers are advised that use of Services provided under this Tariff carries a risk of various forms of telecommunications fraud (including, but not limited to, toll, PBX, and Centrex "clip-on" fraud perpetrated by Users who gain access to a Customer's facilities, account numbers, security or authorization codes, etc.). Customers should take all necessary steps to restrict access to their facilities, including equipment and Services provided hereunder, and to detect and prevent unauthorized use of equipment and Services provided by the Company under this Tariff. Furthermore, Customers must notify the Company in writing of unauthorized use or charges appearing on the Customer's bill. All charges shall be deemed correct and authorized if such notice is not received by the Company within thirty (30) days from the date of issuance of the Customer's bill.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services, Continued**

**B. Liability for Unauthorized Use**

1. The Customer is responsible for payment of all charges for Services provided under this Tariff. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by Users or other third parties, the Customer's employees, or the public.
2. The Customer is responsible for payment of all outbound call charges arising from calls placed to a Customer's 800 service number, whether or not such calls are authorized or fraudulent, where the User gains access to the Customer's outbound calling equipment and services.
3. The Customer is liable for all costs incurred as a result of unauthorized use of Company's Services, including Service charges and any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages. The Company will take reasonable steps, upon verbal or written notification that fraud has occurred, or is believed to have occurred, to assist the Customer in identifying the nature and/or source of the fraud, and in terminating the fraudulent use of the Customer's service. The Company will also assist the Customer in facilitating changes in phone number, and assist the Customer in identifying perpetrator(s) of the fraud for purposes of pursuing civil remedies.
4. The Customer is responsible for payment of any charges related to the suspension and/or termination of Service, and any charges for reconnection of Service, incurred as a result of unauthorized use..

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.6. LIABILITY OF THE CUSTOMER, Continued**

**2.6.2 Liability of the Customer for Unauthorized Use of Company's Services, Continued**

**C. Liability for Credit Card Fraud**

The Customer is liable for the unauthorized use of the Services obtained through the fraudulent use of a Credit Card. The liability of the Customer for unauthorized use of the Services by Credit Card fraud may be limited by state or federal law, and the Customer shall seek indemnification from the organization or company issuing such card for unauthorized use thereof.

**2.7. FULL FORCE AND EFFECT**

Should any provision or portion of this Tariff be held by a court or administrative agency of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions of this Tariff will remain in full force and effect.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.8. ALLOWANCES FOR INTERRUPTION OF SERVICE**

- 2.8.1. The Company will follow the Commission's rules in the case of major outage and/or service interruption.
- 2.8.2. It is the obligation of the Customer to notify the Company of any interruptions in service. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission of the Customer, not within the Customer's control, or is not in wiring or equipment connected to the terminal of the Company.
- 2.8.3. For the purpose of applying this provision 2.9, the word "interruption" will mean the inability to complete calls either incoming or outgoing or both due to equipment malfunction or human errors. "Interruption" does not include, and no allowance will be given for, service difficulties such as slow dial tone, circuits busy or other network and/or switching capacity shortages.
- 2.8.4. All reported interruptions of service will be restored within two working days, excluding Sundays and holidays, except those caused by emergency situations, unavoidable catastrophes and force majeure.
- 2.8.5. Interruptions in service, which are not due to the negligence of, or non-compliance with the provisions of this price sheet by, the Customer or of an authorized or joint user, or to the operation or malfunction of the facilities, power or equipment provided by the Customer or authorized or joint user, will be credited to the Customer for the part of the service that the interruption affects.
- 2.8.6. It shall be the obligation of the Customer to notify Company of any interruptions of service. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission of the Customer, not within the Customer's control.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.8. INTERRUPTION OF SERVICE, Continued**

2.8.7. Credit allowances are given on a per line basis for any period during which any line subscribed to by the Customer hereunder and/or, if applicable, company-provided station equipment attached thereto is out of service, except as specified below. Out of service conditions are defined as complete loss of call origination and/or receipt capability. Credit allowances, if any, shall be deducted from the charges payable by the Customer hereunder and shall be expressly indicated on the next bill to the Customer. An interruption period begins when the Customer reports a malfunction in service to the company. The malfunction period ends when the affected line and/or associated station equipment is fully operative.

2.8.8. Credit Allowances do not apply to interruptions:

- A. Caused by the Customer; or
- B. Due to failure of power or equipment provided by the Customer or others; or
- C. During any period in which the Company is not given access to the service premises; or
- D. Due to scheduled maintenance and repair.

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**SECTION 2 - RULES AND REGULATIONS, Continued****2.8. INTERRUPTION OF SERVICE, Continued**

- 2.8.9. Interruptions of 24 Hours or less are credited a portion of daily per line charge according to the following schedule:

<u>Length of Service Interruption</u>	<u>Credit</u>
Less than 4 hours	None
4 hours up to but not including 8 hours	1/3 of day
8 hours up to but not including 12 hours	1/2 of day
12 hours up to but not including 16 hours	2/3 of day
16 hours up to but not including 24 hours	One day

Two or more service interruptions of the same type to the same line/equipment of 2 hours or more during any one twenty-four hour period shall be considered as one interruption. In no event shall such interruption credits for any one line/equipment exceed one day's fixed recurring charges for such line/equipment in any 24 hour period.

Service interruptions over 24 hours will be credited 4 hours for each 4 – hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.8. INTERRUPTION OF SERVICE, Continued**

**2.8.10. No credit allowance will be made for:**

- A. Interruptions due to the negligence of, or non-compliance with the provisions of this price sheet by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company; or
- B. Interruptions of service due to the failure or malfunction of facilities, power or equipment provided by the Customer, authorized user, joint user, or other common carrier providing service connected to the service offered by the Company; or
- C. Interruptions of service during any period in which the Company is not given access to the premises at which the Company provided service is interrupted or terminated; or
- D. Interruptions of service that occur or continue due to the Customer's failure to authorize replacement of any element of special construction; or

**2.8.11. Interruptions of service during any period when the Customer, authorized user, or joint user has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements.**

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.9. RESTORATION OF SERVICE**

- 2.9.1. When a Customer's service has been disconnected in accordance with this Tariff and the service has been terminated through the completion of a Company service order, service will be restored only upon the basis of application for new service.

**2.10. MINIMUM SERVICE PERIOD**

**2.10.1 Month-to-Month Service**

- A. The minimum service period for month-to-month service is (30 days). Customers subscribing to the Company's services on a month-to-month basis pay the regular Tariffed rates for the service they subscribe to for the minimum period of service.
- B. If a Customer disconnects service before the end of the minimum service period, that Customer is responsible for paying the Tariffed rates for the remainder of the minimum service period.
- C. When the service is moved within the same building, to another building on the same premises, or to a different premises entirely, the period of service at each location is accumulated to calculate if the Customer has met the minimum period of service obligation.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.10. MINIMUM SERVICE PERIOD, Continued**

**2.10.2 Service Terms of One Year or More**

- A. The minimum service period for Customers subscribing to the Company's service for terms of one or more years is the length of the term ("Commitment Period").
  - B. In the event the Customer terminates service with the Company prior to the end of the Commitment Period or in the event that the Company terminates service based upon Customer's default, Customer will pay to the Company a Termination Fee consisting of 1) a one time handling fee of five hundred dollars (\$500.00), 2) any installation charges previously waived by Company, and 3) a termination penalty equivalent to monthly minimum charges for the remainder of the Commitment Period. The Termination Fee will be due immediately upon termination of service.
- 2.10.3. If service is terminated before the end of the minimum period of service as a result of condemnation of property, damage to property requiring the premises to be abandoned, or by the death of the Customer, the Customer is not obligated to pay for service for the remainder of the minimum period.
- 2.10.4. If service is switched over to a new Customer at the same premises after the first month's service, the minimum period of service requirements are assigned to the new Customer if the new Customer agrees in writing to accept them. For facilities not taken over by the new Customer, the original Customer is responsible for the remaining payment for the minimum service period in accordance with the terms under which the service was originally furnished.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.11. PAYMENTS AND BILLING**

**2.11.1. General Payment Regulations**

- A. Charges for service are applied on a recurring basis. Service is provided and billed on a monthly (30 day) basis. The billing date is dependent on the billing cycle assigned to the Customer. Service continues to be provided until cancelled by the Customer pursuant to Section 2.13.
- B. The Customer is responsible for the payment of all charges for services furnished to the Customer or to authorized or joint users once service is activated. Upon nonpayment of any sum due or upon a violation of any of the conditions governing the furnishing of service, Company may discontinue furnishing said service as provided for in Arizona Administrative Code ("AAC") Title 14, Article 5, Section R14-2-509 without incurring any liability.
- C. Charges for long distance service are based on actual usage, and are billed monthly in arrears. Billing for recurring services will be rendered monthly in advance.
- D. Customer will be billed and is responsible for payment of applicable local, state and federal taxes assessed in connection with the services used.
- E. Billing is payable upon receipt and past due twenty (20) days after issuance and posting of invoice.
- F. In the event that Company must employ the services of attorneys for collection of charges due under this Tariff, Company shall be permitted to recover the costs of collection, including reasonable attorney's fees.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.11. PAYMENTS AND BILLING, Continued**

**2.11.2. Late Payment Fee**

- A. Customer will be liable for late fees of 1.5% on payments received after due date or maximum allowed by law, whichever is lower.
- B. The late payment charge will be applied to all undisputed amounts previously billed under this Tariff, except taxes Company is required by law to levy on a Customer, including arrears and unpaid late payment charges.
- C. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.
- D. Late payment charges do not apply to final accounts.

**2.11.3. Checks**

When a check which has been presented to the Company by a Customer in payment for charges is returned by the bank, the Customer shall be responsible for the payment of a returned check charge of \$25.00.

- 2.11.4. A Customer or prospective customer may initiate a complaint with the Company on any relevant matter by telephone at 888.820.7833, in person or in writing directed to Customer Service, Threshold Communications, Inc., 16451 Redmond Way, #254C, Redmond, WA 98052-4482. Company's response to the complaint will generally be in the same form used by the Customer.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.11. PAYMENTS AND BILLING, Continued**

- 2.11.5. Company shall promptly investigate all disputed charges and shall report its findings and disposition to Customer, pursuant to AAC Title 14, Article 5, Section R14-2-510. Nothing in this Section limits Customer's rights as provided by statute to contest charges.
- 2.11.6. The Customer may dispute a bill only by written notice to the carrier delivered within 180 days after the statement date. Unless such notice is received in the timely fashion indicated above, the bill statement shall be deemed to be correct and payable in full by the Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may request information or assistance from the Commission.

The address and telephone numbers of the Commission are:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Telephone: 602.542.4251  
Toll Free: 800.222.7000

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.12. CANCELLATION BY CUSTOMER**

- 2.12.1. Customers subscribing to month-to-month services may cancel service by giving oral or written notice to the Company or by subscribing to another presubscribed interexchange carrier. Customers subscribing to service terms of one year or more must cancel service according to the terms of the service contract.
- 2.12.2. Customer is responsible for payment of all charges while still connected to the Company's service.
- 2.12.3. A charge equal to the unrecoverable costs incurred prior to a request for cancellation and the costs of removal, restoration and disposal, if any, shall be borne by the Customer if:
- A. The Customer orders service requiring special facilities dedicated to the Customer's use and then cancels the order before such service begins, before completion of the minimum period or before completion of some the period mutually agreed with the Customer for the non-recoverable portions of expenditures; or
  - B. Liabilities are incurred expressly on behalf of the Customer by Company and not fully reimbursed by installation and monthly charges; and
  - C. If based on an order for service and construction has either begun or has been completed, but no service provided.

These costs include, but are not limited to, engineering, labor and non-recoverable material and equipment expense.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY**

2.13.1 The Company may not disconnect service for any of the reasons stated below:

1. Delinquency in payment for services rendered to a prior customer to the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to a billing error if the customer agrees to pay over a reasonable period of time.

2.13.2. The Company may disconnect service for any of the following reasons provided the Company has met the notice requirements established by the Commission:

1. Customer violation of any of the Commission's rules.
2. Failure of the customer to pay a delinquent bill for service.
3. Failure to meet or maintain the Company's credit and deposit requirements.
4. Failure of the customer to provide the Company reasonable access to its equipment and property.
5. Customer breach of a written contract for service between the Company and customer.
6. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction.

The Company shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

**2.13.3. Termination Notice Requirements**

1. The Company shall not terminate service to any of its customers without providing advance written notice to the customer of the Company's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance notice shall contain, at a minimum, the following information:

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

**2.13.3. Termination Notice Requirements, Continued**

- a. The name of the person or company whose service is to be terminated and the address where service is being rendered.
- b. The Commission rule or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the Company, if applicable.
- c. The date on or after which service may be terminated.
- d. A statement advising the customer that the Company's stated reason for the termination of service may be disputed by contacting the Company at a specific address or telephone number, advising the Company of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of the his right to file a complaint with the Commission.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

**2.13.4 Timing of terminations with notice**

1. The Company shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the Company for the payment thereof or in the case of a violation of the Company's rules the customer has not satisfied the Company that such violation has ceased, the Company may then terminate on or after the day specified in the notice without giving further notice.

**2.13.5 Landlord/Tenant rule**

1. In situations where service is rendered at an address different from the mailing address of the bill or where the company knows that a landlord/tenant relationship exists and that the landlord is the customer of the Company, and where the landlord as a customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:
2. Where it is feasible to so provide service, the Company, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the rules.
3. The Company shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

- 2.13.6. Before service is disconnected, the Company will make a good faith effort, by two attempts during reasonable hours, to reach the Customer by telephone to advise the Customer of the pending disconnection and the reasons therefore. The Company will maintain a log or record of the attempts, showing the telephone number called and the time of call.
- 2.13.7. Telephone or personal contact need not be attempted when the Company has attempted such contact in any two billing periods during a consecutive twelve-month period and the Company has notified the Customer in writing that telephone or personal contact will not be attempted in the future before disconnecting service.
- 2.13.8. All notices of delinquency or pending disconnection will include details pertinent to the situation and describe how the Customer can make contact with the Company to resolve any differences. All notices must accurately state amounts owing for service(s) which are subject to disconnection. A new notice will be required in cases where information is incorrect.
- 2.13.9. Except in case of danger to life or property, no disconnection shall be made on Saturdays, Sundays, legal holidays, or on any other day on which the Company cannot reestablish service on the same or following day.
- 2.13.10. When the Company has reason to believe service is to other than the Customer of record, the Company shall undertake reasonable efforts to inform occupants of the service address of the impending disconnection. In this case, at the request of the service users, a minimum period of five business days will be allowed to permit the service users to arrange for continued service.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.13. CANCELLATION BY COMPANY, Continued**

**2.13.11. Termination of service without notice**

1. Service may be disconnected without advance written notice under the following conditions:
  - a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
  - b. The Company has evidence of fraud.
2. The Company shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the Company.
3. The Company shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

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President  
Threshold Communications, Inc.  
16451 Redmond Way, #254C  
Redmond, WA 98052-4482  
888.820.7833

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.14. PROVISION OF EQUIPMENT AND FACILITIES**

- 2.14.1. The Company will not be responsible for the installation, operation or maintenance of any Customer-provided communications equipment. Where Customer-provisioned equipment is connected to the facilities furnished under this Tariff, the responsibility of the Company will be limited to the furnishing of facilities offered pursuant to this Tariff. Beyond this responsibility, the Company will not be responsible for:
- A. the transmission of signals to Customer-provided equipment or for the quality of, or defects in, such transmission; or
  - B. the reception of signals by Customer-provided equipment; or
  - C. network control signaling when performed by Customer-provided network control signaling equipment.
- 2.14.2. Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by Company, except upon the written consent of Company.
- 2.14.3. Company shall not be responsible to the Customer or any other person or entity if changes in the criteria or in any of Company's facilities, operations or procedures render Customer provided facilities obsolete or cause Customer provided facilities to require modification or alteration, or otherwise affect the use or performance of Customer provided facilities. Where it is reasonably foreseeable to Company that such changes may affect Customer-provided facilities, Company shall provide reasonable notice.

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---

**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.14. PROVISION OF EQUIPMENT AND FACILITIES, Continued**

- 2.14.4. Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this Tariff. Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer except as provided by contract.
- 2.14.5. Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided to the Customer.
- 2.14.6. At the request of the Customer, installation or maintenance may be performed outside of the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material or other costs incurred by or charged by the Company will apply. If installation or maintenance is started during regular business hours, but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays and/or night hours, additional charges may apply.
- 2.14.7. Facilities furnished by Company remain the property of Company until transferred or abandoned.

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---

**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.15. INTERCONNECTION**

- 2.15.1. The Customer must secure all licenses, permits, rights-of-way and other arrangements necessary for interconnection with Company. In addition, the Customer must ensure that its equipment and/or system or that of its Authorized User or agent(s) is properly interfaced with Company's Service and the signals emitted into Company's network are of the proper mode, band-width, power, data speed and signal level for the intended use of the Customer. If the Customer or its Authorized User or agent(s) fails to properly maintain and operate its equipment and/or system, Company may, upon written request, require the use of protective equipment at the Customer's expense.
- 2.15.2. Service furnished by Company may be interconnected with services or facilities of other authorized carriers and with private systems, subject to the technical limitations established by Company. Any special interface of equipment or facilities necessary to achieve compatibility between the facilities of Company and other participating carriers must be provided at the Customer's expense.
- 2.15.3. Interconnection of the Customer's facilities with the facilities or services of other carriers is governed by the applicable terms and conditions of the other carriers' tariffs or Tariffs.

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**SECTION 2 - RULES AND REGULATIONS, Continued**

**2.16. DEPOSITS AND ADVANCE PAYMENTS**

At this time, the Company does not collect deposits or advance payments. Should the Company collect deposits or advance payments in the future, the deposit or advance payment shall be collected and maintained pursuant to AAC Title 14, Article 5, Section 3B.

**2.17. CREDIT LIMIT**

The Company may, at any time and at its sole discretion, set a credit limit for any Customer's consumption of Services for any monthly period.

**2.18. TAXES AND SURCHARGES**

In addition to the charges specifically pertaining to the Services, certain federal, state, and local surcharges, taxes, gross receipts, and fees will be applied to these Services. Examples of such programs include but are not limited to the Arizona Universal Service Fund and the Telecommunications Infrastructure Fund. These taxes, surcharges, and fees are calculated based upon the amount billed to the End User for Service(s).

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---

**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.1. DESCRIPTION OF SERVICE – VOICE SERVICES**

- 3.1.1. Company offers a variety of switched and dedicated access, inbound and outbound, voice telecommunications services, which establish a communications path between two stations by using uniform dialing plans.
- 3.1.2. Company makes its voice service offerings exclusively to high-volume calling customers who agree to exceed specific monthly minimum charges. Customers that do not exceed the monthly minimum charges in any given month agree to be billed the monthly minimum charge. In determining whether the Customer has exceeded the monthly minimum charges, the Company will credit the customer for charges for all of the Company's services utilized during the month, including intrastate, domestic interstate, international, private line and data service calling charges.
- 3.1.3. **Threshold "Best Rate" Service** is a switched or dedicated access service providing both outbound "1 plus" and inbound toll free long distance telecommunications calling features. Threshold "Best Rate" Service is offered to residential and commercial Customers subscribing to the "Best Rate" Service agree to meet a minimum of \$15.00 in monthly long distance calling volumes.
- 3.1.4. **Threshold "Best Advantage" Service** is a switched and dedicated access service, providing both outbound "1 plus" and inbound toll free long distance telecommunications calling features. Threshold's "Best Advantage" Service is available exclusively to commercial Customers. Customers subscribing to the "Best Advantage" Service agree to meet a minimum of \$100.00 in monthly long distance calling charges.
- 3.1.5. **Threshold Calling Card Services** permit the caller to charge the principal presubscribed location for a call while the caller is away from the principal location. The Customer may place calls from any touch tone phone in the United States by dialing a toll free number and entering a personal identification code, followed by the desired telephone number. Calling Card calls appear on the Customer's monthly long-distance bill.

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---

**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.2. DESCRIPTION OF SERVICE – PRIVATE LINE SERVICES**

3.2.1. Company offers Private Line services, which provide point to point dedicated, private line transmission channels for the Customer's exclusive use between two or more locations. Point-To-Point Service connects two Customer-designated premises, either on a directly connected basis, or through a hub where multiplexing functions are performed.

A. DS-0 Service

DS-0 Service provides a digital transmission path at speeds of up to and including 64 Kbps or, if provided over analog facilities, within the normal frequency range of 300 and 3,000 Hz.

B. DS-1 Service

DS-1 Service provides the Customer a high capacity channel for the transmission of 1.544 Mbps.

C. DS-3 Service

DS-3 Service provides the Customer a high capacity channel for the transmission of 44.736 Mbps.

D. OC-3 Service

OC-3 Service provides the Customer a high capacity channel for the transmission of 155.52 Mbps.

E. OC-12 Service

OC-12 Service provides the Customer a high capacity channel for the transmission of 622.08 Mbps.

F. OC-48 Service

OC-48 Service provides the Customer a high capacity channel for the transmission of 2.4 Gbps.

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**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.2. DESCRIPTION OF SERVICE – PRIVATE LINE SERVICES, Continued**

- 3.2.2. Company offers an Internet Private Line access connection service through the Customer's local exchange carrier for connection between the customer's premises and an Internet Gateway, in conjunction with the Company's Private Line services. Company does not provide its Internet Private Line access service as a standalone service. Company Internet Private Line Access is provided as a convenience to Customers who utilize Internet Private Line access facilities in conjunction with Company's service offerings. Internet Private Line access service rates are those of the Customer's local exchange carrier as reflected in the applicable local exchange carrier's tariff or Tariff, on file with the Commission.

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**SECTION 3 – THRESHOLD COMMUNICATIONS SERVICES**

**3.3. DESCRIPTION OF SERVICE – DATA SERVICES**

- 3.3.1. Company offers a data service consisting of a Frame Relay service as an alternative to conventional point to point networks for wide area network connectivity. Frame Relay service provides multi-point, wide-area connectivity using frame relay packet technology to reduce costs of distributed data networks. This service allows bridges, routers, frame relay access devices and other equipment to connect multiple sites.

The components of Company's Frame Relay service for each Customer location/site are: 1) the connection between the customer's premise and Company's nearest point-of presence at a pre-specified speed; 2) an assigned port on Company's Frame Relay Switch; 3) and use of the Company's Frame Relay network to the destination point. Frame Relay offers a choice of interface speeds, which may differ for multiple locations. Speeds vary from 56 Kbps to 1.536 Mbps.

**3.4. DIRECTORY ASSISTANCE SERVICE**

The Company provides Directory Assistance as an ancillary service exclusively to its customers. Directory Assistance is accessible by dialing "1", the area code of the desired number and "555-1212".

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**SECTION 4 – RATES AND CHARGES**

**4.1. THRESHOLD VOICE SERVICES**

**4.1.1 Threshold “Best Rate” Service Rates**

**A. Switched Access Service Rates**

**1. One Plus Long Distance Service Rates**

Rate Per Minute: \$0.1075

**2. Switched Access “800” Long Distance Service**

Rate Per Minute: \$0.1075

**B. Dedicated Access Service Rates**

**1. Dedicated Access One Plus Long Distance Service Rates**

Rate Per Minute: \$0.0731

**2. Dedicated Access “800” Long Distance Service Rates**

Rate Per Minute: \$0.0731

**C. Calling Card Service Rates**

Per Minute: \$0.1599

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**SECTION 4 – RATES AND CHARGES, Continued**

**4.1. THRESHOLD VOICE SERVICES, Continued**

**4.1.2. Threshold “Best Advantage” Service Rates**

**A. Switched Access Service Rates**

**1. Switched Access One Plus Long Distance Service Rates**

Rate Per Minute: \$ 0.0874

**2. Switched “800” Long Distance Service Rates**

Rate Per Minute: \$ 0.0874

**B. Dedicated Access Rates**

**1. “Best Advantage” Dedicated One Plus Long Distance Service**

Rate Per Minute: \$ 0.0644

**2. “Best Advantage” Dedicated “800” Long Distance Service**

Rate Per Minute: \$ 0.0644

**C. Calling Card Service**

Per Minute \$ 0.1299

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**SECTION 4 – RATES AND CHARGES, Continued****4.2. THRESHOLD PRIVATE LINE SERVICES****4.2.1. Recurring and Non-Recurring Charges**

<b>Transmission</b>	<b>Monthly Recurring</b>	<b>Non-Recurring</b>
<u>Speed</u>	<u>Charge per DS1 Mile</u>	<u>Installation Charge</u>
DS-0	Not available	Not Available
DS-1	\$3.83	\$500.00
DS-3	\$15.52	\$2,000.00
OC-3	\$40.98	\$6,000.00
OC-12	\$149.02	\$20,000.00
OC-48	\$521.58	\$50,000.00

A 200 mile minimum applies for Private Line service.

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES****4.3.1. Loop Rates**

Loop rates associated with Company's data services are those of the underlying local exchange carrier, which serves the Customer, as reflected in the local exchange carrier's tariff or Tariff, on file with the Commission. These rates are passed through directly to the Customer.

**4.3.2. Frame Relay Port Rates**

<b><u>Transmission Speed</u></b>	<b><u>Monthly Recurring Rate</u></b>
56 Kbps	\$190.00
128 Kbps	\$355.00
256 Kbps	\$395.00
384 Kbps	\$420.00
448 Kbps	\$625.00
512 Kbps	\$720.00
56 Kbps	\$790.00
768 Kbps	\$990.00
1.024 Mbps	\$1,265.00
1.536 Mbps	\$1,595.00

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES, Continued****4.3.3. Frame Relay Port Rates, Continued**

Non-Recurring Installation Charges

PORT Facility and Below

Per port \$250.00

**4.3.4. Frame Relay Permanent Virtual Circuit Rates**

<b><u>Transmission Speed</u></b>	<b><u>Monthly Recurring Rate</u></b>
16 Kbps	\$12.00
32 Kbps	\$24.00
48 Kbps	\$36.00
56 Kbps	\$42.00
128 Kbps	\$96.00
192 Kbps	\$144.00
256 Kbps	\$192.00
320 Kbps	\$240.00
384 Kbps	\$288.00
448 Kbps	\$336.00
512 Kbps	\$384.00
576 Kbps	\$432.00
640 Kbps	\$480.00
704 Kbps	\$528.00
768 Kbps	\$576.00
832 Kbps	\$624.00
896 Kbps	\$672.00
960 Kbps	\$720.00

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES, Continued****4.3.4. Frame Relay Permanent Virtual Circuit Rates, Continued**

<b><u>Transmission Speed</u></b>	<b><u>Monthly Recurring Rate</u></b>
1.024 Mbps	\$768.00
1.152 Mbps	\$864.00
1.280 Mbps	\$960.00
1.408 Mbps	\$1,056.00
1.536 Mbps	\$1,152.00
3.072 Mbps	\$2,304.00
4.608 Mbps	\$3,456.00
6.144 Mbps	\$4,608.00
7.680 Mbps	\$5,760.00
9.216 Mbps	\$6,912.00
10.752 Mbps	\$8,064.00
15.360 Mbps	\$11,520.00
Non-Recurring Installation Charge	
Installation charge, per PVC	\$100.00

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**SECTION 4 – RATES AND CHARGES, Continued****4.3. THRESHOLD DATA SERVICES, Continued****4.3.5. Volume and Term Discounts**

Discounts for specified dollar volumes of traffic to a specific location or aggregate dollar volumes may apply, as specified below, to customers who subscribe to substantial volumes of Company's Data Services. Customers will also be eligible for discounts for executing agreements for services for 1 to 3 years. Volume and term percentage discounts apply exclusively to Customer's combined Port and Permanent Virtual Circuit charges.

<b>Discount</b>	<b>Month to Month</b>	<b>12 Months</b>	<b>24 Months</b>	<b>36 Months</b>
\$0-\$1,000	0%	6%	8%	10%
\$1,000-\$2,500	4%	7%	11%	15%
\$2,500-\$5,000	8%	12%	16%	20%
\$5,000-\$7,500	12%	17%	21%	25%
\$7,500-\$10,000	15%	22%	26%	30%
\$10,000 +	18%	27%	31%	35%

**4.4 DIRECTORY ASSISTANCE**

Per Call

\$0.75

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**SECTION 4 – RATES AND CHARGES, Continued**

**4.5. INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS**

4.5.1. Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a Service not offered under this Tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis. ICB contracts will be filed with the Commission.

4.5.2. Extraordinary Charges

From time to time, customers may request special services not addressed specifically by rate elements in this Tariff, or services to locations that may cause Carrier to incur extraordinary expenses not contemplated in the provision of standard service offerings. These costs include, but are not limited to:

- A. Additional construction costs
- B. Building space rental or rights-of-way costs
- C. Additional equipment
- D. Special facilities routing

In these cases, the Customer will be billed additional charges computed on an ICB.

4.5.3. Charges for Changes to Pending Orders, Service Rearrangements and Expedite Charges

From time to time, customers may request changes to pending orders, rearrangements to existing service, and order completion to standard intervals. In these cases, the Customer will be required to reimburse Carrier for the increased expenses incurred on an ICB.

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**ATTACHMENT C**

**A-16 Affidavit of Publication**

**To be filed upon Commission request and once docket number is received.**

**NOTICE OF APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY  
TO PROVIDE COMPETITIVE RESOLD LOCAL EXCHANGE, INTEREXCHANGE, AND  
VoIP TELECOMMUNICATIONS SERVICE BY THRESHOLD COMMUNICATIONS, INC.**

Threshold Communications, Inc. ("Applicant") has filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold local exchange, interexchange, and VoIP telecommunications services in the State of Arizona. Applicant will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission.

A.R.S. § 40-282 provides that the Commission may act on an application for a Certificate to provide resold telecommunications services without a hearing, or with a hearing, if one is requested by any party. Applicant or any other party must request a hearing within twenty (20) days of the date of this notice, or the Commission will rule on the application without a hearing.

The applications, report of the Commission's Utilities Division Staff, and any written exceptions to the Staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at Threshold Communications, Inc., 16541 Redmond Way, #245C, Redmond, WA 98052.

Under appropriate circumstances, interested parties may intervene in the proceedings, and participate as a party. Intervention shall be in accordance with the A.A.C. R14-3-105, except that all motions to intervene must be filed on or within twenty (20) days of the date of this notice. You may have the right to intervene in the proceedings, or you may make a statement for the record. If you have any comments, mail them to:

The Arizona Corporation Commission  
Attention Docket Control  
RE: Threshold Communications, Inc.  
Docket No. \_\_\_\_\_  
1200 West Washington Street  
Phoenix, Arizona 85007

All Comments should be received within twenty (20) days of the date of this notice.

If you have any questions about this application or have any objections to its approval, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, AZ 85007, or call (602) 542-4251 or (800) 222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin Bernal, ADA Coordinator, phone number (602) 542-3931, or Email at [SABernal@azcc.gov](mailto:SABernal@azcc.gov). Requests should be made as early as possible to allow time to arrange the accommodations.

**ATTACHMENT D**

B-2 Financial Statements

**2011 and 2012  
PUBLIC VERSION**

**CONFIDENTIAL 2011 AND 2012 FINANCIAL STATEMENTS AND MOTION  
FOR PROTECTION TO BE SENT UPON COMMISSION REQUEST.**



11:53 AM  
02/03/13  
Accrual Basis

# Threshold Communications, Inc.

## Balance Sheet

As of December 31, 2012

Threshold Communications, Inc.

Redacted Balance Sheet

Dec 31, 12

### ASSETS

#### Current Assets

##### Checking/Savings

1003 · Key Bank Savings

REDACTED

1103 · 1st Commercial Bank

REDACTED

1000 · Key Bank Main

REDACTED

Total Checking/Savings

REDACTED

##### Accounts Receivable

1200 · Accounts Receivable

REDACTED

Total Accounts Receivable

REDACTED

##### Other Current Assets

1120 · Inventory Asset

REDACTED

1499 · Undeposited Funds

REDACTED

Total Other Current Assets

REDACTED

Total Current Assets

REDACTED

#### Fixed Assets

##### 1700 · Capital Assets

1713 · Software

REDACTED

1712 · Computer hardware

REDACTED

1711 · Accumulated Depreciation

REDACTED

1710 · Equipment & Furniture

REDACTED

1700 · Capital Assets - Other

REDACTED

Total 1700 · Capital Assets

REDACTED

Total Fixed Assets

REDACTED

#### Other Assets

Accumulated Amortization

REDACTED

1950 · Goodwill

REDACTED

Loan to Sassy

REDACTED

1900 · Vendor Security Deposits

REDACTED

Total Other Assets

REDACTED

TOTAL ASSETS

REDACTED

### LIABILITIES & EQUITY

#### Liabilities

##### Current Liabilities

Accounts Payable

2000 · Accounts Payable

REDACTED

Total Accounts Payable

REDACTED

**Balance Sheet**

As of ~~December~~ 31, 2012  
Dec 31, 12

Redacted Balance Sheet

**Credit Cards**

2501 · American Express

REDACTED

**Total Credit Cards**

REDACTED

**Other Current Liabilities**

2120 · Line of Credit - KeyBank

REDACTED

2110 · Direct Deposit Liabilities

REDACTED

2200 · Sales Tax Payable

REDACTED

2100 · Payroll Liabilities

REDACTED

Support Enforcement

REDACTED

2100 · Payroll Liabilities - Other

REDACTED

**Total 2100 · Payroll Liabilities**

REDACTED

**Total Other Current Liabilities**

REDACTED

**Total Current Liabilities**

REDACTED

**Total Liabilities**

REDACTED

**Equity**

1521 · Distribution of profit

REDACTED

3100 · Key Bank Equity Options

REDACTED

3000 · Opening Bal Equity

REDACTED

1110 · Retained Earnings

REDACTED

**Net Income**

REDACTED

**Total Equity**

REDACTED

**TOTAL LIABILITIES & EQUITY**

REDACTED

**Threshold Communications, Inc.**  
**Profit & Loss**

January through December 2012

THRESHOLD COMMUNICATIONS, INC.

REDACTED PROFIT & LOSS

Jan - Dec 12

Ordinary Income/Expense

Income

3516 · Local Dialtone

3519 · Indiana

3518 · Oregon Local dialtone

3517 · Washington Local dialtone

3516 · Local Dialtone - Other

Total 3516 · Local Dialtone

3515 · VOIP Recurring User

3535 · Consulting Services

3552 · Collocation & Services

3551 · Cross Connection charge

Hardware Sales

3520 · Resale of Conf Calling

3530 · Long Distance Resale

3534 · Intrastate LD

3533 · International LD

3532 · Interstate LD

Monthly recurring service fees

3530 · Long Distance Resale - Other

Total 3530 · Long Distance Resale

3650 · LD & IP Local Access

3600 · Install Charges

Commissions for voice referrals

3505 · Frame Relay income

3510 · Internet Access income

3500 · Private Line income

Interstate Private Line income

Washington Private Line

3500 · Private Line income - Other

Total 3500 · Private Line income

Total Income

Cost of Goods Sold

Resale

Hardware

Total Resale

4398 · e911

4750 · Consulting services-resold

5001 · Cost of Goods Sold

Taxes & Surcharges

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

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REDACTED

**Threshold Communications, Inc.**  
**Profit & Loss**

January through December 2012  
Jan - Dec 12

**REDACTED PROFIT & LOSS**

4519 · Phones resold	REDACTED
4518 · POTS rebilling	REDACTED
5002 · Collocation Services Resold	REDACTED
5001 · Cost of Goods Sold - Other	REDACTED
Total 5001 · Cost of Goods Sold	REDACTED
4200 · Resale Conf Calling	REDACTED
4100 · Internet Access	
4110 · International Internet Access	REDACTED
4106 · DSL resold	REDACTED
4104 · Qwest IP	REDACTED
4103 · Install Charges	REDACTED
4102 · Local loops	REDACTED
4100 · Internet Access - Other	REDACTED
Total 4100 · Internet Access	REDACTED
4500 · Switchless Resale	
4557 · VOIP Outbound Offshore	REDACTED
4556 · VOIP Outbound International	REDACTED
4552 · VOIP Toll-free intrastate	REDACTED
4555 · VOIP Outbound IntraState	REDACTED
4554 · VOIP Toll-free Canadian org	REDACTED
4553 · VOIP Toll-free offshore	REDACTED
4551 · VOIP Toll-free interstate	REDACTED
4550 · VOIP Outbound interstate	REDACTED
4514 · Link Calling Card	REDACTED
4510 · Directory Assistance	REDACTED
4513 · DNIS Charge	REDACTED
4512 · Payphone Surcharges	REDACTED
4511 · Toll Free Number fee	REDACTED
4116 · PICC Charges	REDACTED
4509 · Intrastate 800	REDACTED
4508 · Intrastate LD outbound	REDACTED
4507 · International LD & 800	REDACTED
4505 · Interstate Toll-Free LD	REDACTED
4504 · Monthly LD Access Charges	REDACTED
4503 · Toll-Free Number fee	REDACTED
4502 · Install Charges	REDACTED
4506 · Global 800 Fees	REDACTED
4501 · Inter-State LD Outbound	REDACTED
4500 · Switchless Resale - Other	REDACTED
Total 4500 · Switchless Resale	REDACTED
4000 · Private Line Services Resold	
4026 · WA intraState Private Line	REDACTED
4025 · Interstate Private Line	REDACTED

Threshold Communications, Inc.

Profit & Loss

January through December 2012  
Jan - Dec 12

REDACTED PROFIT & LOSS

4399 · Misbilled Taxes	REDACTED
ELI PRI	REDACTED
4090 · Install Charges	REDACTED
4007 · Box Lake Win - Louisville	REDACTED
4001 · Bruderhof T1 NY - UK	REDACTED
4000 · Private Line Services Resold - Other	REDACTED
Total 4000 · Private Line Services Resold	REDACTED
Total COGS	REDACTED
Gross Profit	REDACTED

Expense

Late Fee	REDACTED
4019 · Reconciliation Discrepancies	REDACTED
Chaitable giving	REDACTED
Bad Debt	REDACTED
Marketing	REDACTED
Billing	REDACTED
Janitorial Service	REDACTED
5000 · Agent Commissions Payable	REDACTED
6120 · Bank Service Charges	
Credit Card Charges	REDACTED
6120 · Bank Service Charges - Other	REDACTED
Total 6120 · Bank Service Charges	REDACTED
6160 · Dues and Subscriptions	REDACTED
6180 · Insurance	REDACTED
6200 · Interest Expense	REDACTED
6210 · Finance Charge	REDACTED
Total 6200 · Interest Expense	REDACTED
6230 · Licenses and Permits	
6231 · Software	REDACTED
6230 · Licenses and Permits - Other	REDACTED
Total 6230 · Licenses and Permits	REDACTED
6240 · Miscellaneous	REDACTED
Office Supplies - General	REDACTED
Office Supplies - Technology	REDACTED
6560 · Payroll Expenses	
Medical insurance	REDACTED
6561 · training	REDACTED
Dental insurance	REDACTED
6560 · Payroll Expenses - Other	REDACTED
Total 6560 · Payroll Expenses	REDACTED

Threshold Communications, Inc.

Profit & Loss

January through December 2012

REDACTED PROFIT & LOSS

Jan - Dec 12

6250 · Postage and Delivery

REDACTED

6260 · Printing and Reproduction

REDACTED

Private Line charges

REDACTED

6270 · Professional Fees

Accounting

REDACTED

Regulatory compliance fees

REDACTED

6280 · Legal Fees

REDACTED

6270 · Professional Fees - Other

REDACTED

Total 6270 · Professional Fees

REDACTED

6290 · Rent

REDACTED

6300 · Repairs

REDACTED

6340 · Telephone

REDACTED

6350 · Travel & Ent

6360 · Entertainment

REDACTED

6370 · Meals

REDACTED

6380 · Travel

REDACTED

6350 · Travel & Ent - Other

REDACTED

Total 6350 · Travel & Ent

REDACTED

6999 · Uncategorized Expenses

REDACTED

6390 · Utilities

REDACTED

Total Expense

REDACTED

Net Ordinary Income

REDACTED

Other Income/Expense

Other Income

7010 · Interest Income

REDACTED

7030 · Other Income

REDACTED

Total Other Income

REDACTED

Net Other Income

REDACTED

REDACTED

Net Income

**Threshold Communications, Inc.**  
**Statement of Cash Flows**  
January through December 2012

**OPERATING ACTIVITIES**

Net Income	REDACTED
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	REDACTED
1120 · Inventory Asset	REDACTED
2000 · Accounts Payable	REDACTED
2501 · American Express	REDACTED
2200 · Sales Tax Payable	REDACTED
2100 · Payroll Liabilities	REDACTED
Net cash provided by Operating Activities	REDACTED

**INVESTING ACTIVITIES**

1700 · Capital Assets	REDACTED
1700 · Capital Assets:1713 · Software	REDACTED
1700 · Capital Assets:1712 · Computer hardware	REDACTED
1700 · Capital Assets:1710 · Equipment & Furniture	REDACTED
1900 · Vendor Security Deposits	REDACTED
Net cash provided by Investing Activities	REDACTED

**FINANCING ACTIVITIES**

1521 · Distribution of profit	REDACTED
1110 · Retained Earnings	REDACTED
Net cash provided by Financing Activities	REDACTED

Net cash increase for period	REDACTED
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Cash at beginning of period	REDACTED
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Cash at end of period	REDACTED
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Threshold Communications, Inc.  
**Balance Sheet**  
As of December 31, 2011

	Dec 31, 11
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1009 - Paypal	
1003 - Key Bank Savings	REDACTED
1006 - 2alpha Wells Fargo	REDACTED
1005 - 2alpha Wamu - Tellink	REDACTED
1002 - KeyBank CD	REDACTED
1103 - 1st Commercial Bank	REDACTED
1100 - Bank of Oklahoma	REDACTED
1000 - Key Bank Main	REDACTED
<b>Total Checking/Savings</b>	REDACTED
<b>Accounts Receivable</b>	
1200 - Accounts Receivable	REDACTED
<b>Total Accounts Receivable</b>	REDACTED
<b>Other Current Assets</b>	
1120 - Inventory Asset	REDACTED
<b>Total Other Current Assets</b>	REDACTED
<b>Total Current Assets</b>	REDACTED
<b>Fixed Assets</b>	
1700 - Capital Assets	
1713 - Software	REDACTED
1712 - Computer hardware	REDACTED
1711 - Accumulated Depreciation	REDACTED
1710 - Equipment & Furniture	REDACTED
1700 - Capital Assets - Other	REDACTED
<b>Total 1700 - Capital Assets</b>	REDACTED
<b>Total Fixed Assets</b>	REDACTED
<b>Other Assets</b>	
Accumulated Amortization	REDACTED
1950 - Goodwill	REDACTED
Loan to Sassy	REDACTED
1900 - Vendor Security Deposits	REDACTED
<b>Total Other Assets</b>	REDACTED
<b>TOTAL ASSETS</b>	REDACTED
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 - Accounts Payable	REDACTED
<b>Total Accounts Payable</b>	REDACTED
<b>Credit Cards</b>	
2501 - American Express	REDACTED
<b>Total Credit Cards</b>	REDACTED
<b>Other Current Liabilities</b>	
2120 - Line of Credit - KeyBank	REDACTED
2110 - Direct Deposit Liabilities	REDACTED
2200 - Sales Tax Payable	REDACTED
2100 - Payroll Liabilities	REDACTED
Support Enforcement	REDACTED
2100 - Payroll Liabilities - Other	REDACTED
<b>Total 2100 - Payroll Liabilities</b>	REDACTED
<b>Total Other Current Liabilities</b>	REDACTED
<b>Total Current Liabilities</b>	REDACTED
<b>Total Liabilities</b>	REDACTED
<b>Equity</b>	
1521 - Distribution of profit	REDACTED
3100 - Key Bank Equity Options	REDACTED
3000 - Opening Bal Equity	REDACTED
1110 - Retained Earnings	REDACTED
Net Income	REDACTED
<b>Total Equity</b>	REDACTED
<b>TOTAL LIABILITIES &amp; EQUITY</b>	REDACTED

REDACTED



Threshold Communications, Inc.  
**Profit & Loss**  
January through December 2011

Ordinary Income/Expense	Jan - Dec 11	REDACTED
Income		
3516 · Local Dialtone		REDACTED
3519 · Indiana		REDACTED
3518 · Oregon Local dialtone		REDACTED
3517 · Washington Local dialtone		REDACTED
3516 · Local Dialtone - Other		REDACTED
Total 3516 · Local Dialtone		REDACTED
3515 · VOIP Recurring User		REDACTED
3535 · Consulting Services		REDACTED
3552 · Collocation & Services		REDACTED
3551 · Cross Connection charge		REDACTED
Hardware Sales		REDACTED
3520 · Resale of Conf Calling		REDACTED
3530 · Long Distance Resale		REDACTED
3534 · Intrastate LD		REDACTED
3533 · International LD		REDACTED
3532 · Interstate LD		REDACTED
Monthly recurring service fees		REDACTED
3530 · Long Distance Resale - Other		REDACTED
Total 3530 · Long Distance Resale		REDACTED
3650 · LD & IP Local Access		REDACTED
3600 · Install Charges		REDACTED
Commissions for voice referrals		REDACTED
3505 · Frame Relay income		REDACTED
3510 · Internet Access income		REDACTED
3512 · Internet Loops		REDACTED
3510 · Internet Access income - Other		REDACTED
Total 3510 · Internet Access income		REDACTED
3500 · Private Line income		
CA Private Line income		REDACTED
Interstate Private Line income		REDACTED
Washington Private Line		REDACTED
3500 · Private Line income - Other		REDACTED
Total 3500 · Private Line income		REDACTED
Total Income		REDACTED
Cost of Goods Sold		
Resale		
Hardware		REDACTED
Total Resale		REDACTED
4400 · Hardware Resold		REDACTED
4398 · e911		REDACTED
4750 · Consulting services-resold		REDACTED
5001 · Cost of Goods Sold		REDACTED
Taxes & Surcharges		REDACTED
4519 · Phones resold		REDACTED
4518 · POTS rebilling		REDACTED
5002 · Collocation Services Resold		REDACTED
5001 · Cost of Goods Sold - Other		REDACTED
Total 5001 · Cost of Goods Sold		REDACTED
4200 · Resale Conf Calling		REDACTED
4100 · Internet Access		REDACTED
4110 · International Internet Access		REDACTED
4106 · DSL resold		REDACTED
4104 · Qwest IP		REDACTED
4103 · Install Charges		REDACTED
4102 · Local loops		REDACTED
4100 · Internet Access - Other		REDACTED
Total 4100 · Internet Access		REDACTED
4500 · Switchless Resale		
4557 · VOIP Outbound Offshore		REDACTED
4556 · VOIP Outbound International		REDACTED
4552 · VOIP Toll-free intrastate		REDACTED
4555 · VOIP Outbound IntraState		REDACTED
4554 · VOIP Toll-free Canadian org		REDACTED
4553 · VOIP Toll-free offshore		REDACTED
4551 · VOIP Toll-free interstate		REDACTED
4550 · VOIP Outbound interstate		REDACTED
4514 · Link Calling Card		REDACTED
4510 · Directory Assistance		REDACTED
4513 · DNS Charge		REDACTED
4512 · Payphone Surcharges		REDACTED
4511 · Toll Free Number fee		REDACTED
4116 · PCCC Charges		REDACTED
4509 · Intrastate 800		REDACTED
4508 · Intrastate LD outbound		REDACTED
4507 · International LD & 800		REDACTED
4505 · Interstate Toll-Free LD		REDACTED
4504 · Monthly LD Access Charges		REDACTED
4503 · Toll-Free Number fee		REDACTED

Threshold Communications, Inc.  
**Profit & Loss**  
January through December 2011

Jan - Dec 11	
4502 - Install Charges	REDACTED
4505 - Global 800 Fees	REDACTED
4501 - Inter-State LD Outbound	REDACTED
4500 - Switchless Resale - Other	REDACTED
Total 4500 - Switchless Resale	REDACTED
4000 - Private Line Services Resold	
4026 - WA IntraState Private Line	REDACTED
4025 - Interstate Private Line	REDACTED
4016 - McLellen Industries	REDACTED
4399 - Misbilled Taxes	REDACTED
ELI PRI	REDACTED
4090 - Install Charges	REDACTED
4001 - Bruderhof T1 NY - UK	REDACTED
4000 - Private Line Services Resold - Other	REDACTED
Total 4000 - Private Line Services Resold	REDACTED
Total COGS	REDACTED
Gross Profit	REDACTED
Expense	
Late Fee	REDACTED
4019 - Reconciliation Discrepancies	REDACTED
Charitable giving	REDACTED
Marketing	REDACTED
Billing	REDACTED
Janitorial Service	REDACTED
5000 - Agent Commissions Payable	REDACTED
Advertising	REDACTED
6120 - Bank Service Charges	REDACTED
Credit Card Charges	REDACTED
6120 - Bank Service Charges - Other	REDACTED
Total 6120 - Bank Service Charges	REDACTED
6160 - Dues and Subscriptions	REDACTED
6180 - Insurance	REDACTED
6200 - Interest Expense	REDACTED
6210 - Finance Charge	REDACTED
6200 - Interest Expense - Other	REDACTED
Total 6200 - Interest Expense	REDACTED
6230 - Licenses and Permits	REDACTED
Office Supplies - General	REDACTED
Office Supplies - Technology	REDACTED
6560 - Payroll Expenses	REDACTED
Medical Insurance	REDACTED
Dental Insurance	REDACTED
6560 - Payroll Expenses - Other	REDACTED
Total 6560 - Payroll Expenses	REDACTED
6250 - Postage and Delivery	REDACTED
6260 - Printing and Reproduction	REDACTED
6270 - Professional Fees	REDACTED
Accounting	REDACTED
Regulatory compliance fees	REDACTED
6280 - Legal Fees	REDACTED
6270 - Professional Fees - Other	REDACTED
Total 6270 - Professional Fees	REDACTED
6290 - Rent	REDACTED
6300 - Repairs	REDACTED
6340 - Telephone	REDACTED
6350 - Travel & Ent	REDACTED
6360 - Entertainment	REDACTED
6370 - Meals	REDACTED
6380 - Travel	REDACTED
6350 - Travel & Ent - Other	REDACTED
Total 6350 - Travel & Ent	REDACTED
6999 - Uncategorized Expenses	REDACTED
6390 - Utilities	REDACTED
Total Expense	REDACTED
Net Ordinary Income	REDACTED
Other Income/Expense	
Other Income	
7010 - Interest Income	REDACTED
7030 - Other Income	REDACTED
Total Other Income	REDACTED
Net Other Income	REDACTED
Net Income	REDACTED

REDACTED

**Threshold Communications, Inc.**  
**Statement of Cash Flows**  
January through December 2011  
Jan - Dec 11

**OPERATING ACTIVITIES**

Net Income	REDACTED
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	REDACTED
1120 · Inventory Asset	REDACTED
2000 · Accounts Payable	REDACTED
2503 · Alaska Visa	REDACTED
2501 · American Express	REDACTED
2200 · Sales Tax Payable	REDACTED
2100 · Payroll Liabilities	REDACTED
Net cash provided by Operating Activities	REDACTED

**INVESTING ACTIVITIES**

1700 · Capital Assets	REDACTED
1700 · Capital Assets:1713 · Software	REDACTED
1700 · Capital Assets:1712 · Computer hardware	REDACTED
1700 · Capital Assets:1710 · Equipment & Furniture	REDACTED
1900 · Vendor Security Deposits	REDACTED
Net cash provided by Investing Activities	REDACTED

**FINANCING ACTIVITIES**

1521 · Distribution of profit	REDACTED
Net cash provided by Financing Activities	REDACTED

Net cash increase for period	REDACTED
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Cash at beginning of period	REDACTED
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Cash at end of period	REDACTED
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## **ATTACHMENT E**

**A-10 Map of Proposed Service Area**



## **ATTACHMENT F**

**B-4 Projected Total Revenue for First 12 Months**  
**B-4 Expected Operating Expenses for First 12 Months**

**Threshold Communications, Inc.**  
**2013-2014 Arizona Projection**  
**August 2013 through July 2014**

	<u>Aug 2013 - Jul 2014</u>
Ordinary Income/Expense	\$355,200
Income	
Recurring Income	
Non-Recurring Income	
Inside Wire Extensions-Income	
Install Income	
Late Fee Income	
	<hr/>
Total Income	\$355,200
Cost of Goods Sold	
Telecom Line Costs - COGS	
MRC Telecom Services - COGS	
Telecom Line Costs Install - COGS	
	<hr/>
Total COGS	\$538,022
Gross Profit	\$ (182,822.00)
Expense	
Accounting and Legal Fees	\$ -
Marketing Services	
Total Expense	<hr/> \$ -
Net Ordinary Income	\$ (182,822.00)
Other Income/Expense	
Other Expense	
Amortization Expense	
Depreciation Expense	
Interest Expense	
Finance Charge	
Loan Interest	
Interest Expense - Other	
	<hr/>
Total Interest Expense	<hr/>
Total Other Expense	<hr/> \$ -
Net Other Income	<hr/> \$ -
<b>Net Income</b>	<b><hr/>\$ (182,822.00)<hr/></b>